

LITTLE FERRY
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017**

Little Ferry, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Little Ferry Board of Education

Little Ferry, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

**Little Ferry Board of Education
Business Office**

**LITTLE FERRY BOARD OF EDUCATION
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INTRODUCTORY SECTION

Little Ferry Public Schools

130 Liberty Street, Little Ferry, NJ 07643 (201) 641-6192 FAX (201) 641-6604

Home of Memorial School

A "Governor's School of Excellence"

September 21, 2017

The Honorable President and Members
Little Ferry Board of Education
Little Ferry Public School District
County of Bergen, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Little Ferry School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented in this report is accurate in all materials respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes, providing an overview of the School District's financial position and operating results and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;

- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the U.S. Uniform Guidance, and the New Jersey State Office of Management and Budget (OMB) Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the independent auditor’s reports on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Little Ferry Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Little Ferry Board of Education and its all of its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 938 students, which represents a decrease of 38 students from the previous year’s average daily enrollment. The following details the changes in the student enrollment of the District over the last eight years.

Average Daily Enrollment

Fiscal Year	Average Daily Enrollment	Percent Change
2016-2017	938	-3.9%
2015-2016	976	-3.9%
2014-2015	1,197	21.03%
2013-2014	989	0.00%
2012-2013	991	0.164%
2011-2012	975	83%
2010-2011	967	0.73%
2009-2010	960	-0.41%

2) ECONOMIC CONDITION AND OUTLOOK

The Little Ferry Borough and surrounding area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that the tax base will remain stable.

3) MAJOR INITIATIVES

The District had begun the alignment of the New Jersey Student Learning Standards to the District curriculum. The Next Generation Science standards were aligned to the Science Curriculum and ready to roll out for September, 2017.

The District is in year two of a physical plant upgrade with new lighting, ceiling tiles, paint, and flooring in certain areas.

The District will also be embarking on a project which will need NJDOE approval dealing with a boiler upgrade in the Memorial School building.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse. In addition, District administration must ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control including that portion related to major Federal and State financial award programs, as well as to determine that the District has complied with applicable laws and regulations, contracts and grants.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue, and the debt service funds. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as commitments/assignments of fund balance at June 30, 2017.

6) ACCOUNTING SYSTEMS AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION

At June 30, 2017, there is no outstanding long-term debt obligations.

8) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in ‘Notes to the Financial Statements, Note 2’. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Projection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.


10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

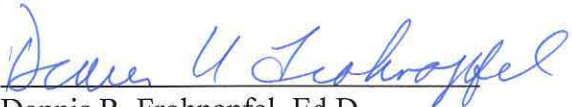
10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Little Ferry Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

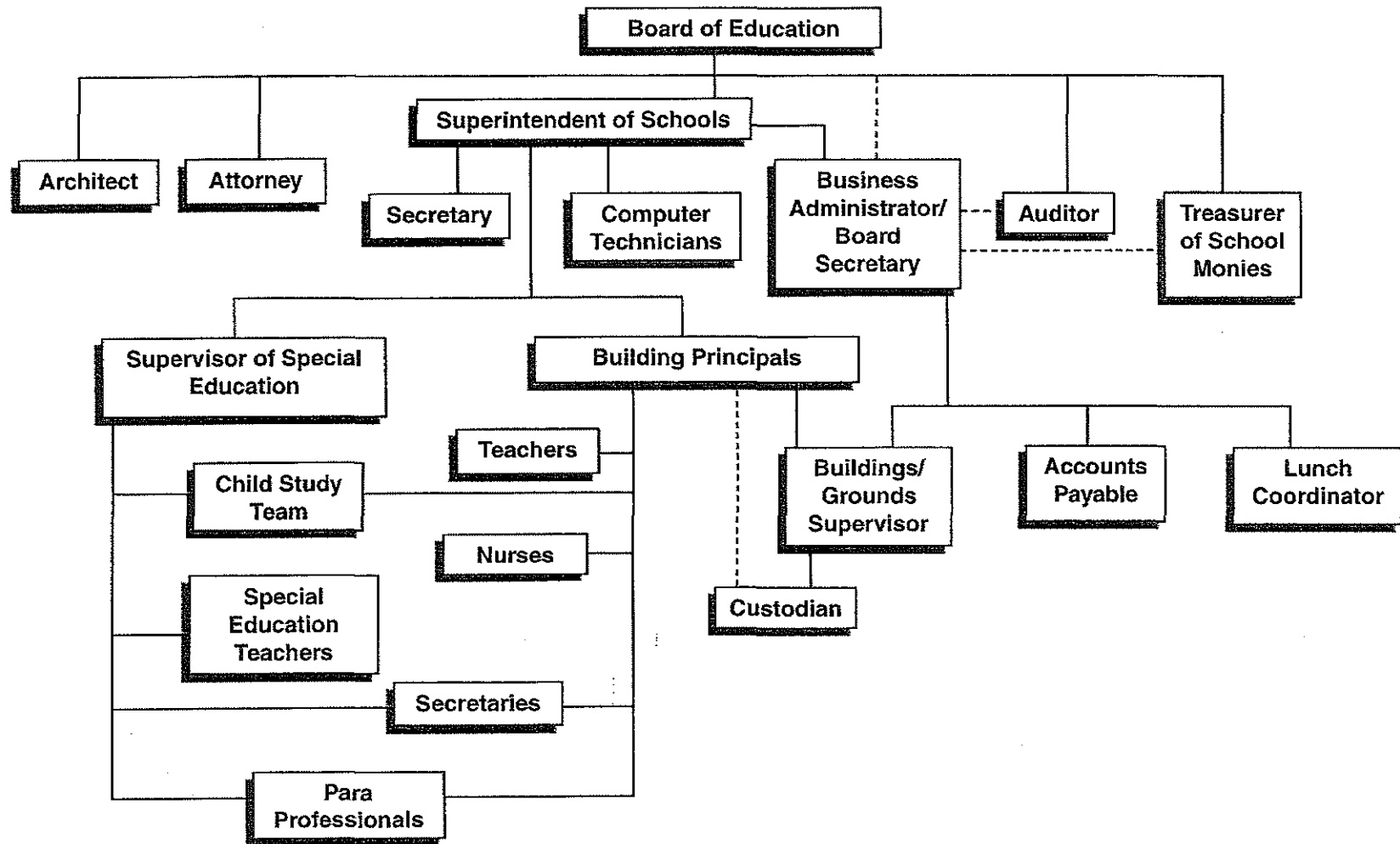


Mr. Frank R. Scarafilo
Superintendent
Little Ferry Board of Education



Dennis R. Frohnappfel, Ed.D
Interim SBA/Board Secretary
Little Ferry Board of Education

**Little Ferry Board of Education
Table of Organization**



**LITTLE FERRY BOARD OF EDUCATION
LITTLE FERRY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

Winne Banta Basralian & Kahn, PC
21 Main Street, Suite 101
PO Box 647
Hackensack, NJ 07601

Official Depositories

TD Bank North
PNC Bank
State of New Jersey Cash Management Fund

**LITTLE FERRY BOARD OF EDUCATION
LITTLE FERRY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Raymond Vorisek, President	2019
Nicholas Fytros, Vice President	2020
Michelle Brattoli	2020
Suzanne Ferrante	2017
Jeanine Ferrara	2019
Debra Flanagan	2017
Jill Fucci (Filled unexpired term of Michael Cardenas)	2017
Leslie Gottlieb	2019
Frank Mele	2020

OTHER OFFICIALS

Frank R. Scarafile, Superintendent of Schools

Dennis R. Frohnafel, Ed.D., Business Administrator/Board Secretary (11/08/16-06/30/17)

Frank R. Scarafile, Acting Board Secretary (09/08/16-11/07/16)

Donna Alonso, Business Administrator/Board Secretary (07/01/16-09/07/16)

Antoinette Kelly, Treasurer of School Monies

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Little Ferry Board of Education
Little Ferry, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

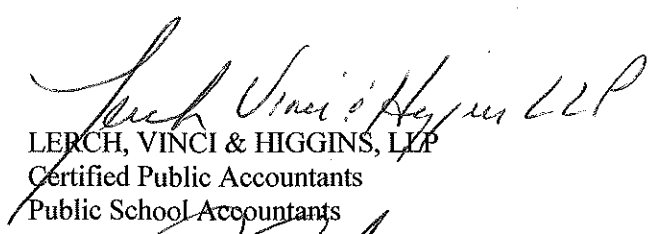
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Ferry Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Little Ferry Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

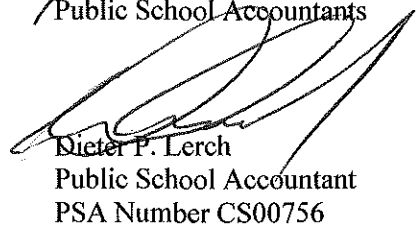
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2017 on our consideration of the Little Ferry Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Ferry Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Ferry Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 21, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Little Ferry Board of Education Little Ferry, New Jersey

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

This section of the Little Ferry Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year are as follows:

- Net position decreased by \$798,874 from the June 30, 2016 balance of \$5,153,402 to \$4,354,528 at June 30, 2017.
- General revenues of \$19,302,157 accounted for 74 percent of all revenues. Program revenues of \$6,825,242 accounted for 26 percent of total revenues of \$26,127,399.
- Among major funds, the General Fund had \$22,646,305 in revenues and other financing sources and \$23,416,980 in expenditures and other financing uses. The General Fund's fund balance decreased \$770,675 from the prior year.
- In total, fund balance of Governmental Funds decreased \$213,624, which represents a 8 percent decrease from the prior year's fund balance of \$2,587,003 to \$2,373,379 at June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Little Ferry Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Little Ferry Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Little Ferry Board of Education, reporting the District's operation in more detail than the district-wide statements.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education instruction and support services were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the Little Ferry Board of Education operates like a business. The food service operation and extended day care program are considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Little Ferry Board of Education's financial statements, including the portion of the Little Ferry Board of Education activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activity of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education and building	Activities the district operates similar to private businesses: Food Service Extended Day Care	Instances in which the district administers resources on behalf of someone else, such as payroll related activities and student activity funds.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

District-wide Statements

The district-wide statements report information about the Little Ferry Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows/inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the Little Ferry Board of Education's net position and how they have changed. Net position – the difference between the district's assets/deferred outflows of resources and deferred inflows of resources/liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the district you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the district's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service and Extended Day Care Program are included here. During fiscal year ended June 30, 2017 the District terminated the operations of the Extended Day Care Program. The Program is now administered by an outside vendor.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and/or by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as in the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

This report also includes Notes to the Financial Statements. The notes provide additional information provided in the district-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also includes the required supplementary information.

FINANCIAL ANALYSIS OF THE LITTLE FERRY BOARD OF EDUCATION AS A WHOLE

The district's financial position is the product of many financial transactions including the net results of activities, the issuance and payment of long term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the school district's net position as of June 30, 2017 and 2016.

Net Position. The district's combined net position was \$4,354,528 as of June 30, 2017 and \$5,153,402 as of June 30, 2016.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

**Statement of Net Position
As of June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 2,424,544	\$ 2,747,672	\$ (2,000)	\$ 284,674	\$ 2,422,544	\$ 3,032,346
Capital Assets - Net	<u>5,676,561</u>	<u>5,692,794</u>	<u>22,511</u>	<u>14,656</u>	<u>5,699,072</u>	<u>5,707,450</u>
Total Assets	<u>8,101,105</u>	<u>8,440,466</u>	<u>20,511</u>	<u>299,330</u>	<u>8,121,616</u>	<u>8,739,796</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>1,472,205</u>	<u>538,737</u>	<u>-</u>	<u>-</u>	<u>1,472,205</u>	<u>538,737</u>
Total Deferred Outflows of Resources	<u>1,472,205</u>	<u>538,737</u>	<u>-</u>	<u>-</u>	<u>1,472,205</u>	<u>538,737</u>
Total Assets and Deferred Outflows of Resources	<u>9,573,310</u>	<u>8,979,203</u>	<u>20,511</u>	<u>299,330</u>	<u>9,593,821</u>	<u>9,278,533</u>
Long-Term Liabilities	5,184,474	3,883,626			5,184,474	3,883,626
Other Liabilities	<u>51,165</u>	<u>160,669</u>	<u>3,654</u>	<u>25,697</u>	<u>54,819</u>	<u>186,366</u>
Total Liabilities	<u>5,235,639</u>	<u>4,044,295</u>	<u>3,654</u>	<u>25,697</u>	<u>5,239,293</u>	<u>4,069,992</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>-</u>	<u>55,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,139</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>55,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,139</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,235,639</u>	<u>4,099,434</u>	<u>3,654</u>	<u>25,697</u>	<u>5,239,293</u>	<u>4,125,131</u>
Net Position:						
Net Investment in Capital Assets	5,676,561	5,692,794	22,511	14,656	5,699,072	5,707,450
Restricted	819,289	322,833			819,289	322,833
Unrestricted	<u>(2,158,179)</u>	<u>(1,135,858)</u>	<u>(5,654)</u>	<u>258,977</u>	<u>(2,163,833)</u>	<u>(876,881)</u>
Total Net Position	<u>\$ 4,337,671</u>	<u>\$ 4,879,769</u>	<u>\$ 16,857</u>	<u>\$ 273,633</u>	<u>\$ 4,354,528</u>	<u>\$ 5,153,402</u>

The table on the following page shows changes in net position for fiscal years 2017 and 2016.

Changes in Net Position. The District's total revenues were \$26,127,399 for the fiscal year ended June 30, 2017. Property taxes accounted for 71% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 27%. The balance or 2% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$26,926,273. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 81% of total costs. The purely administrative activities of the District accounted for just 7% of total costs.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Total expenses exceeded revenues, which resulted in a decrease in net position of \$798,874 from last year.

**Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 145,495	\$ 101,297	\$ 159,035	\$ 326,297	\$ 304,530	\$ 427,594
Operating Grants and Contributions	6,303,186	5,011,210	217,526	177,423	6,520,712	5,188,633
General Revenues						
Property Taxes	18,589,126	18,224,634			18,589,126	18,224,634
Unrestricted Federal and State Aid	526,951	547,801			526,951	547,801
Investment Earnings	8,502	3,867			8,502	3,867
Other	177,578	105,541	-	-	177,578	105,541
Total Revenues	25,750,838	23,994,350	376,561	503,720	26,127,399	24,498,070
Expenses						
Instruction						
Regular	14,793,027	14,037,964			14,793,027	14,037,964
Special Education	3,748,428	3,740,868			3,748,428	3,740,868
Other Instruction	671,170	287,547			671,170	287,547
School Sponsored Activities and Athletics	70,947	83,429			70,947	83,429
Support Services						
Student and Instruction Related Serv.	2,528,800	1,615,581			2,528,800	1,615,581
General Administration Services	430,449	551,987			430,449	551,987
School Administration Services	989,030	835,264			989,030	835,264
Business / Central Services	585,377	371,240			585,377	371,240
Plant Operations and Maintenance	2,067,782	2,143,885			2,067,782	2,143,885
Pupil Transportation	678,183	605,985			678,183	605,985
Interest on Long Term Debt	2,440	938			2,440	938
Food Services	-	-	359,516	376,466	359,516	376,466
EDCP	-	-	1,124	162,502	1,124	162,502
Total Expenses	26,565,633	24,274,688	360,640	538,968	26,926,273	24,813,656
Increase/(Decrease) in Net Position Before Transfers	(814,795)	(280,338)	15,921	(35,248)	(798,874)	(315,586)
Transfers	272,697	(102,283)	(272,697)	102,283	-	-
Change in Net Position	(542,098)	(382,621)	(256,776)	67,035	(798,874)	(315,586)
Net Position, Beginning of Year (Restated)	4,879,769	4,265,882	273,633	206,598	5,153,402	4,472,480
Prior Period Adjustment	-	613,887	-	-	-	613,887
Net Position, End of Year	\$ 4,337,671	\$ 4,879,769	\$ 16,857	\$ 273,633	\$ 4,354,528	\$ 5,153,402

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

**Total Cost and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 14,793,027	\$ 14,037,964	\$ 10,987,737	\$ 10,949,513
Special Education	3,748,428	3,740,868	1,984,038	2,211,652
Other Instruction	671,170	287,547	427,251	213,431
School Sponsored Activities and Athletics	70,947	83,429	50,169	61,630
Support Services				
Student and Instruction Related Svcs.	2,528,800	1,615,581	2,421,212	1,514,799
General Administration Services	430,449	551,987	430,449	551,987
School Administration Services	989,030	835,264	675,847	703,678
Business / Central Services	585,377	371,240	585,377	371,240
Plant Operations and Maintenance	2,067,782	2,143,885	1,965,171	2,060,503
Pupil Transportation	678,183	605,985	587,261	522,810
Interest on Long Term Debt	2,440	938	2,440	938
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 26,565,633</u>	<u>\$ 24,274,688</u>	<u>\$ 20,116,952</u>	<u>\$ 19,162,181</u>

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2017 and 2016.

General Fund Revenues

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
Local Sources:				
Property Taxes	\$ 18,589,126	\$ 18,224,634	\$ 364,492	2.0%
Tuition	93,042	59,677	33,365	55.9%
Rentals	52,453	41,620	10,833	26.0%
Interest Earnings	8,502	3,867	4,635	119.9%
Miscellaneous	177,578	105,541	72,037	68.3%
Intergovernmental				
State Sources	<u>3,438,945</u>	<u>3,112,980</u>	<u>325,965</u>	10.5%
	<u> </u>	<u> </u>	<u> </u>	
Total Revenues	<u>\$ 22,359,646</u>	<u>\$ 21,548,319</u>	<u>\$ 811,327</u>	3.8%

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2017 and 2016.

General Fund Expenditures

	Fiscal Year Ended June 30,		Amount of Increase (Decrease)	Percent Change
	2017	2016		
Instruction	\$ 16,124,801	\$ 15,804,621	\$ 320,180	2.0%
Undistributed Expenditures	6,385,145	5,598,286	786,859	14.1%
Debt Service	35,046	35,046	-	0.0%
Capital Outlay	300,975	-	300,975	100.0%
Total Expenditures	\$ 22,845,967	\$ 21,437,953	\$ 1,408,014	6.6%

Capital Assets. As of June 30, 2017 and 2016, the school district had invested in land, land improvements, buildings and building improvements and machinery and equipment as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,473,220	\$ 2,473,220			\$ 2,473,220	\$ 2,473,220
Land Improvements	220,016	220,016			220,016	220,016
Buildings and Building Improvements	8,417,379	8,290,055			8,417,379	8,290,055
Machinery and Equipment	1,904,143	1,730,492	\$ 48,607	\$ 37,629	1,952,750	1,768,121
Total	13,014,758	12,713,783	48,607	37,629	13,063,365	12,751,412
Less: Accumulated Depreciation	(7,338,197)	(7,020,989)	(26,096)	(22,973)	(7,364,293)	(7,043,962)
Total Capital Assets, Net	\$ 5,676,561	\$ 5,692,794	\$ 22,511	\$ 14,656	\$ 5,699,072	\$ 5,707,450

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Debt Administration. As of June 30, 2017 and 2016 the school district had long-term liabilities in the amount of \$5,184,474 and \$3,883,626 as follows:

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Community Disaster Loan Payable	\$ 312,000	\$ 312,000
Lease Purchase Agreements	23,493	56,099
Compensated Absence (Severance Pay) Payable	39,292	51,672
Net Pension Liability	4,780,690	3,429,453
Deferred Pension Obligation	<u>28,999</u>	<u>34,402</u>
 Total	 <u>\$ 5,184,474</u>	 <u>\$ 3,883,626</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Little Ferry Board of Education, District Administration Offices, 130 Liberty Street, Little Ferry, New Jersey 07643. Telephone: 201-641-6192.

BASIC FINANCIAL STATEMENTS

LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,327,765	\$ 29,289	\$ 2,357,054
Receivables, net			
Receivables from Other Governments	35,022	10,403	45,425
Other	17,619		17,619
Internal Balances	44,138	(44,138)	-
Inventories		2,446	2,446
Capital Assets, Not Being Depreciated	2,473,220		2,473,220
Capital Assets, Being Depreciated, Net	<u>3,203,341</u>	<u>22,511</u>	<u>3,225,852</u>
 Total Assets	 <u>8,101,105</u>	 <u>20,511</u>	 <u>8,121,616</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,472,205</u>	<u>-</u>	<u>1,472,205</u>
 Total Deferred Outflows of Resources	 <u>1,472,205</u>	 <u>-</u>	 <u>1,472,205</u>
 Total Assets and Deferred Outflows of Resources	 <u>9,573,310</u>	 <u>20,511</u>	 <u>9,593,821</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	51,165		51,165
Unearned Revenue		3,654	3,654
Noncurrent Liabilities			
Due Within One Year	345,493		345,493
Due Beyond One Year	<u>4,838,981</u>	<u>-</u>	<u>4,838,981</u>
 Total Liabilities	 <u>5,235,639</u>	 <u>3,654</u>	 <u>5,239,293</u>
NET POSITION			
Net Investment in Capital Assets	5,676,561	22,511	5,699,072
Restricted for			
Capital Projects	819,289		819,289
Unrestricted	<u>(2,158,179)</u>	<u>(5,654)</u>	<u>(2,163,833)</u>
 Total Net Position	 <u>\$ 4,337,671</u>	 <u>\$ 16,857</u>	 <u>\$ 4,354,528</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	-						
Regular	\$ 14,793,027	\$ 93,042	\$ 3,712,248		\$ (10,987,737)		\$ (10,987,737)
Special Education	3,748,428		1,764,390		(1,984,038)		(1,984,038)
Other Instruction	671,170		243,919		(427,251)		(427,251)
School Sponsored Activities and Athletics	70,947		20,778		(50,169)		(50,169)
Support Services							
Student and Instruction Related Services	2,528,800		107,588		(2,421,212)		(2,421,212)
General Administrative Services	430,449				(430,449)		(430,449)
School Administrative Services	989,030		313,183		(675,847)		(675,847)
Plant Operations and Maintenance	2,067,782	52,453	50,158		(1,965,171)		(1,965,171)
Pupil Transportation	678,183		90,922		(587,261)		(587,261)
Central Services	585,377	-	-	-	(585,377)	-	(585,377)
Interest on Long-Term Debt	2,440	-	-	-	(2,440)	-	(2,440)
Total Governmental Activities	26,565,633	145,495	6,303,186	-	(20,116,952)	-	(20,116,952)
Business-Type Activities							
Food Service	359,516	158,133	217,526			\$ 16,143	16,143
Extended Day Care Program	1,124	902	-			(222)	(222)
Total Business-Type Activities	360,640	159,035	217,526	-	-	15,921	15,921
Total Primary Government	\$ 26,926,273	\$ 304,530	\$ 6,520,712	\$ -	(20,116,952)	15,921	(20,101,031)
General Revenues							
Property Taxes Levied for General Purpose					18,589,126		18,589,126
State Aid Not Restricted					526,951		526,951
Investment Earnings					8,502		8,502
Miscellaneous Income					177,578		177,578
Transfers					272,697	(272,697)	-
Total General Revenues and Transfers					19,574,854	(272,697)	19,302,157
Change in Net Position					(542,098)	(256,776)	(798,874)
Net Position, Beginning of Year (Restated)					4,879,769	273,633	5,153,402
Net Position, End of Year					\$ 4,337,671	\$ 16,857	\$ 4,354,528

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

**LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,285,840	\$ 41,925		\$ 2,327,765
Receivables				
Intergovernmental	35,022	-		35,022
Other	17,619			17,619
Due from Other Funds	44,138	-	-	44,138
	<u>2,382,619</u>	<u>41,925</u>	<u>-</u>	<u>2,424,544</u>
Total Assets	\$ 2,382,619	\$ 41,925	\$ -	\$ 2,424,544
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ 51,165	\$ -	\$ 51,165
	<u>-</u>	<u>51,165</u>	<u>-</u>	<u>51,165</u>
Total Liabilities	-	51,165	-	51,165
Fund Balances				
Restricted Fund Balance				
Excess Surplus-Designated for Subsequent Year's Expenditures (2017/18 Budget)	1,021,387			1,021,387
Excess Surplus	76,176			76,176
Capital Reserve	494,689			494,689
Capital Reserve- Designated for Subsequent Year's Expenditures (2017/2018 Budget)	324,600			324,600
Assigned Fund Balance				
Year-End Encumbrances	78,430			78,430
Designated for Subsequent Year's Expenditures (2017/18 Budget)	131,676			131,676
Unassigned Fund Balance				
General Fund	255,661			255,661
Special Revenue Fund	-	(9,240)	-	(9,240)
	<u>2,382,619</u>	<u>(9,240)</u>	<u>-</u>	<u>2,373,379</u>
Total Fund Balances	2,382,619	(9,240)	-	2,373,379
Total Liabilities and Fund Balances	\$ 2,382,619	\$ 41,925	\$ -	

**Amounts Reported for Governmental Activities in the Statement of
Net Position (A-1) are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,014,768 and the accumulated depreciation is \$7,338,197. 5,676,561

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources 1,472,205

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of the following:

Severance Pay Payable	(39,292)	
Lease Purchase Agreements Payable	(23,493)	
Community Disaster Loan Payable	(312,000)	
Deferred Pension Obligation	(28,999)	
Net Pension Liability	<u>(4,780,690)</u>	<u>(5,184,474)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 4,337,671

**LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Local Property Tax Levy	\$ 18,589,126			\$ 18,589,126
Tuition	93,042			93,042
Rentals	52,453			52,453
Interest	8,502	-		8,502
Miscellaneous	177,578	-	-	177,578
Total - Local Sources	<u>18,920,701</u>	<u>-</u>	<u>-</u>	<u>18,920,701</u>
State Sources	3,438,945	\$ 92,400		3,531,345
Federal Sources	-	543,560	-	543,560
Total Revenues	<u>22,359,646</u>	<u>635,960</u>	<u>-</u>	<u>22,995,606</u>
EXPENDITURES				
Current				
Regular Instruction	12,379,815	351,149		12,730,964
Special Education Instruction	3,163,983	262,211		3,426,194
Other Instruction	522,703			522,703
School-Sponsored Activities and Athletics	58,300			58,300
Support Services and Undistributed Costs				
Student and Instruction Related Services	2,262,874	22,600		2,285,474
General Administrative Services	410,908			410,908
School Administrative Services	782,749			782,749
Plant Operations and Maintenance	1,729,457			1,729,457
Pupil Transportation	666,698			666,698
Central Services	532,459			532,459
Capital Outlay	300,975	-	-	300,975
Debt Service				
Principal	32,606			32,606
Interest	2,440	-	-	2,440
Total Expenditures	<u>22,845,967</u>	<u>635,960</u>	<u>-</u>	<u>23,481,927</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(486,321)</u>	<u>-</u>	<u>-</u>	<u>(486,321)</u>
OTHER FINANCING USES/SOURCES				
Transfers In	286,659		557,051	843,710
Transfers Out	(571,013)	-	-	(571,013)
Total Other Financing Uses/Sources	<u>(284,354)</u>	<u>-</u>	<u>557,051</u>	<u>272,697</u>
Net Change in Fund Balances	(770,675)	-	557,051	(213,624)
Fund Balance (Deficit), Beginning of Year	<u>3,153,294</u>	<u>(9,240)</u>	<u>(557,051)</u>	<u>2,587,003</u>
Fund Balance (Deficit), End of Year	<u>\$ 2,382,619</u>	<u>\$ (9,240)</u>	<u>\$ -</u>	<u>\$ 2,373,379</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**LITTLE FERRY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (213,624)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.

Capital Outlay	\$ 300,975	
Depreciation Expense	<u>(317,208)</u>	(16,233)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position.

Lease Purchase Agreements		32,606
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In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Net Decrease in Compensated Absences (Severance Pay)	\$ 12,380	
Increase in Pension Expense	(362,630)	
Net Decrease in Deferred Pension Obligation	<u>5,403</u>	<u>(344,847)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (542,098)

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 29,289	\$ -	\$ 29,289
Receivables from Other Governments	10,403		10,403
Inventory	2,446	-	2,446
Total Current Assets	<u>42,138</u>	<u>-</u>	<u>42,138</u>
Capital Assets			
Equipment	48,607	-	48,607
Less: Accumulated Depreciation	(26,096)	-	(26,096)
Total Capital Assets, Net	<u>22,511</u>	<u>-</u>	<u>22,511</u>
Total Assets	<u>64,649</u>	<u>-</u>	<u>64,649</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	44,138	-	44,138
Unearned Revenue	3,654	-	3,654
Total Current Liabilities	<u>47,792</u>	<u>-</u>	<u>47,792</u>
NET POSITION			
Investment in Capital Assets	22,511	-	22,511
Unrestricted	(5,654)	-	(5,654)
Total Net Position	<u>\$ 16,857</u>	<u>\$ -</u>	<u>\$ 16,857</u>

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities		
	Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Tuition - Program Fees		\$ 902	\$ 902
Daily Sales Reimbursable Programs	\$ 122,378		122,378
Daily Sales - Non Reimbursable Programs	35,755	-	35,755
	<u>158,133</u>	<u>902</u>	<u>159,035</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Benefits	141,741	-	141,741
Cost of Sales - Reimbursable Programs	151,439		151,439
Cost of Sales - Non Reimbursable	14,977		14,977
Other Purchased Services	6,452	-	6,452
Management Fee	25,000		25,000
Miscellaneous Expenses	4,241	-	4,241
Supplies and Materials	12,543	1,124	13,667
Depreciation	3,123	-	3,123
	<u>359,516</u>	<u>1,124</u>	<u>360,640</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(201,383)</u>	<u>(222)</u>	<u>(201,605)</u>
NONOPERATING REVENUES			
State Sources:			
State School Lunch Program	4,239		4,239
Federal Sources			
National School Lunch Program	175,598		175,598
School Breakfast Program	7,046	-	7,046
Food Distribution Program	30,643	-	30,643
	<u>217,526</u>	<u>-</u>	<u>217,526</u>
Total Nonoperating Revenues			
Change in Net Position Before Transfers	16,143	(222)	15,921
OTHER FINANCING SOURCES			
Transfers In	13,962	-	13,962
Transfer Out	-	(286,659)	(286,659)
	<u>30,105</u>	<u>(286,881)</u>	<u>(256,776)</u>
Change in Net Position			
Net Position, Beginning of Year	<u>(13,248)</u>	<u>286,881</u>	<u>273,633</u>
Net Position, End of Year	<u>\$ 16,857</u>	<u>\$ -</u>	<u>\$ 16,857</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 158,382	\$ 902	\$ 159,284
Cash Payments for Salaries and Benefits	(141,741)	-	(141,741)
Cash Payments to Suppliers and Employees	(198,844)	(10,648)	(209,492)
Net Cash Provided/(Used) by Operating Activities	(182,203)	(9,746)	(191,949)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(10,978)	-	(10,978)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(10,978)	-	(10,978)
Cash Flows from Noncapital Financing Activities			
Cash Paid to General Fund		(286,659)	(286,659)
Cash Received from General Fund	13,962		13,962
Cash Received from State and Federal Reimbursements	185,674	-	185,674
Net Cash Provided/(Used) by Noncapital Financing Activities	199,636	(286,659)	(87,023)
Net Increase/(Decrease) in Cash and Cash Equivalents	6,455	(296,405)	(289,950)
Cash and Cash Equivalents, Beginning of Year	22,834	296,405	319,239
Cash and Cash Equivalents, End of Year	\$ 29,289	\$ -	\$ 29,289
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (201,383)	\$ (222)	(201,605)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	3,123		3,123
Food Distribution (USDA Commodities) Program	30,643		30,643
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(2,067)		(2,067)
Increase/(Decrease) in Accounts Payable	(12,769)	(9,524)	(22,293)
Increase/(Decrease) in Unearned Revenue	250	-	250
Total Adjustments	19,180	(9,524)	9,656
Net Cash Provided (Used) by Operating Activities	\$ (182,203)	\$ (9,746)	\$ (191,949)
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 30,643		

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u> -</u>	\$ <u> 43,962</u>
Total Assets	<u> -</u>	<u> 43,962</u>
LIABILITIES		
Due to Student Groups		39,382
Payroll Deductions and Withholdings	<u> -</u>	<u> 4,580</u>
Total Liabilities	<u> -</u>	<u> 43,962</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u> -</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust Fund</u>
DEDUCTIONS	
Other	\$ 1,034
Total Deductions	<u>1,034</u>
Change in Net Position	(1,034)
Net Position, Beginning of Year	\$ <u>1,034</u>
Net Position, End of Year	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Little Ferry Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Little Ferry Board of Education this includes general operations, food service, extended day care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *extended day care program ("EDCP") fund* accounts for the activities of the District's before and after school hours care program.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, rentals, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash, Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables*

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	15
Vehicles	10
Office Equipment	5-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualify for reporting in this category. This item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. This item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Severance Pay*

It is the District's policy to permit teachers who retire from the District after completing an uninterrupted, continuous service with the District for a minimum of any of the period of years set forth in the policy to be paid a fixed compensation based on the years of service. A long-term liability of accumulated severance pay and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2D.)

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund and the extended day care program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 16, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original general fund budget by \$722,222. The increase was funded by the appropriation of restricted miscellaneous revenue realized from the transfer of the unexpended balance remaining in the EDCP Fund, appropriation of capital reserve funds, the appropriation of prior year extraordinary aid and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$38,900 from the Capital Reserve approved on January 19, 2017 and \$286,659, the amount of fund balance cancelled from the EDCP Enterprise Fund and transferred to General Fund on February 16, 2017. The original special revenue fund budget was decreased by \$32,193 based on actual grant awards.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Other Retirement Contributions- PERS	\$141,741	\$156,144	(\$14,370)

The overexpended appropriation was the result of an audit adjustment. The above variance was offset with other available resources.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$9,240 in the Special Revenue Fund as of June 30, 2017 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2016/2017 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$9,240 in the Special Revenue Fund is equal to the delayed state aid payments and state aid advance payment balance at June 30, 2017.

D. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$	879,884
Increased by			
Interest Earnings	\$	3,705	
Deposits Approved by Board Resolution		<u>324,600</u>	
Total Increases			<u>328,305</u>
Withdrawals			
Approved in District Budget		350,000	
Approved by Resolution		<u>38,900</u>	
			<u>388,900</u>
Balance, June 30, 2017		\$	<u>819,289</u>
Designated for Subsequent Year's Expenditures (17/18 Budget)	\$	324,600	
Available Capital Reserve		<u>494,689</u>	
	\$		<u>819,289</u>

E. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$84,074 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to support an emergent circumstance approved by the Executive County Superintendent pursuant to N.J.A.C. 6A:23A-13.3(h).

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$1,097,563. Of this amount, \$1,021,387 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$76,176 will be appropriated in the 2018/2019 original budget certified for taxes.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$2,401,016 and bank and brokerage firm balances of the Board's deposits amounted to \$3,251,377. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 2,756,688
Uninsured and Uncollateralized	<u>494,689</u>
	<u>\$ 3,251,377</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balance of \$494,689 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 494,689</u>
	<u>\$ 494,689</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds are as follows:

	General Fund	Food Service Enterprise Fund	Total
Receivables:			
Accounts	\$ 17,619		\$ 17,619
Intergovernmental-			
Federal		\$ 10,171	10,171
State	<u>35,022</u>	<u>232</u>	<u>35,254</u>
Net Total Receivables	<u>\$ 52,641</u>	<u>\$ 10,403</u>	<u>\$ 63,044</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Land	\$ 2,473,220	-	\$ 2,473,220
Total Capital Assets, Not Being Depreciated	<u>2,473,220</u>	<u>-</u>	<u>2,473,220</u>
Capital Assets, Being Depreciated:			
Land Improvements	220,016		220,016
Building and Building Improvements	8,290,055	\$ 127,324	8,417,379
Machinery and Equipment	<u>1,730,492</u>	<u>173,651</u>	<u>1,904,143</u>
Total Capital Assets Being Depreciated	<u>10,240,563</u>	<u>300,975</u>	<u>10,541,538</u>
Less Accumulated Depreciation for:			
Land Improvements	(135,478)	(10,583)	(146,061)
Building and Building Improvements	(5,475,340)	(237,136)	(5,712,476)
Machinery and Equipment	<u>(1,410,171)</u>	<u>(69,489)</u>	<u>(1,479,660)</u>
Total Accumulated Depreciation	<u>(7,020,989)</u>	<u>(317,208)</u>	<u>(7,338,197)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,219,574</u>	<u>(16,233)</u>	<u>3,203,341</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,692,794</u>	<u>\$ (16,233)</u>	<u>\$ 5,676,561</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Balance, June 30, 2017</u>
Business-Type Activities:			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 37,629	\$ 10,978	\$ 48,607
Total Capital Assets Being Depreciated	<u>37,629</u>	<u>10,978</u>	<u>48,607</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(22,973)</u>	<u>(3,123)</u>	<u>(26,096)</u>
Total Accumulated Depreciation	<u>(22,973)</u>	<u>(3,123)</u>	<u>(26,096)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,656</u>	<u>7,855</u>	<u>22,511</u>
Business-Type Activities Capital Assets, Net	<u>\$ 14,656</u>	<u>\$ 7,855</u>	<u>\$ 22,511</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	
Regular	<u>\$ 44,915</u>
Total Instruction	<u>44,915</u>
Support Services	
Student and Instruction Related Services	17,968
School Administrative Services	1,070
Plant Operations and Maintenance	250,668
Pupil Transportation	<u>2,587</u>
Total Support Services	<u>272,293</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 317,208</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 3,123</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 3,123</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Enterprise Fund	<u>\$ 44,138</u>

The above balance is the result of expenditures paid by one fund on behalf of another fund.

The District expects the interfund balance to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Enterprise Fund</u>	
Transfer Out:				
General Fund		\$ 557,051	\$ 13,962	\$ 571,013
EDCP Enterprise Fund	<u>\$ 286,659</u>	-	-	<u>286,659</u>
Total transfers out	<u>\$ 286,659</u>	<u>\$ 557,051</u>	<u>\$ 13,962</u>	<u>\$ 857,672</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Lease Purchase Agreements

The District has entered into a lease purchase agreement for the purchase of computers and related supplies for the term of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Fiscal Year Ending June 30,	<u>Governmental Activities</u>
2018	<u>\$ 24,492</u>
Total minimum lease payments	24,492
Less: amount representing interest	(999)
Present value of minimum lease payments	<u>\$ 23,493</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 31,307,330
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 31,307,330</u>

G. Other Long-Term Liabilities

Community Disaster Loan

In July 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the District's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The district was approved for \$4,708,701 total loan and chose to withdraw \$312,000 as a reduction of the tax levy assessed for the 2013-2014 and 2014-2015 school years. FEMA is still in the process of determining the portion, if any, of the loan must be repaid by the District. The loan matures in 2018. The District has budgeted \$312,000 for principal and \$16,549 for interest in the 2017/2018 budget for the repayment of the loan.

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$34,821 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2013 and 8.25% prior to July 1, 2013) at June 30, 2017 is \$28,999.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016 (Restated)	Additions	Reductions	Balance, June 30, 2017	Due Within One Year
Governmental Activities:					
Severance Pay	\$ 51,672		\$ 12,380	\$ 39,292	\$ 10,000
Lease Purchase Agreements	56,099		32,606	23,493	23,493
Community Disaster Loan ("CDL") Payable	312,000			312,000	312,000
Deferred Pension Obligation	34,402		5,403	28,999	
Net Pension Liability	<u>3,429,453</u>	<u>\$ 1,494,637</u>	<u>143,400</u>	<u>4,780,690</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 3,883,626</u>	<u>\$ 1,494,637</u>	<u>\$ 193,789</u>	<u>\$ 5,184,474</u>	<u>\$ 345,493</u>

For the governmental activities, the liabilities for severance pay, lease purchase agreements, deferred pension obligations and net pension liability are generally liquidated by the general fund. The CDL Loan payable will be liquidated by the debt service fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of coverage.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan the District remits quarterly contributions to the New Jersey Unemployment Trust Fund under a consolidated rate established annually and shared by all governmental contributory employees.

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 143,400	\$ 700,050	\$ 18,511
2016	138,582	468,039	15,137
2015	263,749	304,636	3,914

In addition for fiscal year 2016/2017 the District contributed \$774 for PERS and the State contributed \$881 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$487,159 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$4,780,690 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .01614 percent, which was an increase of .00086 percent from its proportionate share measured as of June 30, 2015 of .01528 percent.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$506,030 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 88,906	
Changes of Assumptions	990,304	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	182,292	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>210,703</u>	<u>\$ -</u>
Total	<u>\$ 1,472,205</u>	<u>\$ -</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 315,371
2019	315,371
2020	356,431
2021	389,399
2022	95,633
Thereafter	<u>-</u>
	<u>\$ 1,472,205</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	\$ 5,858,178	\$ 4,780,690	\$ 3,891,131

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,455,282 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$45,986,987. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .05846 percent, which was an increase of .00211 percent from its proportionate share measured as of June 30, 2015 of .05635 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 54,918,739</u>	<u>\$ 45,986,987</u>	<u>\$ 38,693,058</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512 , retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$583,300, \$557,307 and \$483,610, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

The District received \$613,887 of FEMA public assistance funds which were accrued in the district-wide financial statements as a long-term liability for the Community Disaster Loan based on documentation provided from FEMA at the time of the audit report. Upon the close-out of the Community Disaster Loan by FEMA, it was determined that those funds should not have been included as part of the long-term liability. The District has restated its July 1, 2016 long-term liabilities to reduce the loan by this amount. The effect of this restatement was an increase in governmental net position of \$613,887.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 18,589,126		\$ 18,589,126	\$ 18,589,126	
Tuition- Individuals (Pre K)	40,000		40,000	45,220	\$ 5,220
Tuition- Other LEAs	45,000		45,000	47,822	2,822
Rentals (Classroom Lease)	40,000		40,000	52,453	12,453
Interest Earned on Capital Reserve Funds	1,000		1,000	3,705	2,705
Other Revenues from Local Sources	57,322	-	57,322	182,375	125,053
Total Local Sources	18,772,448	-	18,772,448	18,920,701	148,253
State Sources					
Special Education Aid	795,218		795,218	795,218	-
Transportation Aid	81,936		81,936	81,936	-
Security Aid	51,579		51,579	51,579	-
Equalization Aid	520,499		520,499	520,499	-
Per Pupil Growth Aid	13,390		13,390	13,390	-
PARCC Readiness Aid	13,390		13,390	13,390	-
Professional Learning Community Aid	13,430		13,430	13,430	-
Host District Support Aid	1,345		1,345	1,345	-
Extraordinary Aid	65,579		65,579	154,108	88,529
Additional Non-Public Transportation Aid				10,849	10,849
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				24,478	24,478
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				675,572	675,572
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				881	881
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				583,300	583,300
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	487,159	487,159
Total State Sources	1,556,366	-	1,556,366	3,427,134	1,870,768
Federal Sources					
Medicaid Reimbursement	17,933	-	17,933	-	(17,933)
Total Federal Sources	17,933	-	17,933	-	(17,933)
Total Revenues	20,346,747	-	20,346,747	22,347,835	2,001,088
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	73,703	\$ 34,923	108,626	108,626	-
Kindergarten	363,133	(2,641)	360,492	360,492	-
Grades 1-5	2,275,472	189,671	2,465,143	2,430,114	35,029
Grades 6-8	1,784,773	(382,092)	1,402,681	1,402,681	-
Regular Programs - Home Instruction					
Salaries of Teachers	15,000	(3,890)	11,110	11,110	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	92,461	(14,784)	77,677	77,677	-
Purchased Technical Services	200,000	(20,620)	179,380	179,342	38
Other Purchased Services	75,000	66,459	141,459	126,329	15,130
General Supplies	175,000	15,966	190,966	190,667	299
Textbooks	76,000	(9,154)	66,846	66,846	-
Other Objects	3,000	1,205	4,205	4,204	1
Total Regular Programs	5,133,542	(124,957)	5,008,585	4,958,088	50,497

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 187,201	\$ 43,369	\$ 230,570	\$ 230,570	\$ -
General Supplies	3,850	(294)	3,556	3,556	-
Textbooks	6,200	(4,473)	1,727	1,727	-
Total Multiple Disabilities	<u>197,251</u>	<u>38,602</u>	<u>235,853</u>	<u>235,853</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	470,702	(577)	470,125	470,125	-
General Supplies	1,900	(24)	1,876	1,876	-
Textbooks	2,500	(419)	2,081	2,043	38
Total Resource Room/Resource Center	<u>475,102</u>	<u>(1,020)</u>	<u>474,082</u>	<u>474,044</u>	<u>38</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	59,004	(59,004)	-	-	-
General Supplies	5,600	(5,600)	-	-	-
Total Preschool Disabilities - Part Time	<u>64,604</u>	<u>(64,604)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>736,957</u>	<u>(27,022)</u>	<u>709,935</u>	<u>709,897</u>	<u>38</u>
Basic Skills					
Salaries of Teachers	78,747	6,494	85,241	85,230	11
General Supplies	650	(650)	-	-	-
Total Basic Skills	<u>79,397</u>	<u>5,844</u>	<u>85,241</u>	<u>85,230</u>	<u>11</u>
Bilingual Education					
Salaries	274,005	(36,275)	237,730	237,611	119
General Supplies	650	(513)	137	137	-
Total Bilingual Education	<u>274,655</u>	<u>(36,788)</u>	<u>237,867</u>	<u>237,748</u>	<u>119</u>
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	17,500	-	17,500	17,500	-
Other Objects	18,000	(2,146)	15,854	15,759	95
Total Co/Extracurricular Activities-Instruction	<u>35,500</u>	<u>(2,146)</u>	<u>33,354</u>	<u>33,259</u>	<u>95</u>
School Sponsored Athletics-Instruction					
Salaries	9,000	1,000	10,000	10,000	-
Purchased Services	2,500	(1,572)	928	928	-
Total School Sponsored Athletics-Instruction	<u>11,500</u>	<u>(572)</u>	<u>10,928</u>	<u>10,928</u>	<u>-</u>
Total Instruction	<u>6,271,551</u>	<u>(185,641)</u>	<u>6,085,910</u>	<u>6,035,150</u>	<u>50,760</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	4,875,000	(154,333)	4,720,667	4,594,733	125,934
Tuition to Other LEAs Within the State - Special	935,000	494,922	1,429,922	1,427,853	2,069
Tuition to County Vocational School Districts - Regular	412,000	155,540	567,540	567,186	354
Tuition to County Vocational School Districts - Special	60,000	112,033	172,033	171,713	320
Tuition to CSSD & Reg. Day Schools	790,000	(379,198)	410,802	390,052	20,750
Tuition to Priv. School for the Disabled W/ State	380,000	(275,121)	104,879	104,879	-
Total Undistributed Expenditures - Instruction	<u>7,452,000</u>	<u>(46,157)</u>	<u>7,405,843</u>	<u>7,256,416</u>	<u>149,427</u>

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 15,608	\$ (533)	\$ 15,075	\$ 15,075	\$ -
Total Attendance and Social Work Services	15,608	(533)	15,075	15,075	-
Health Services					
Salaries	141,210	(1,371)	139,839	139,839	-
Purchased Professional and Technical Services	4,000	7,756	11,756	10,476	1,280
Supplies and Materials	2,000	(196)	1,804	1,625	179
Total Health Services	147,210	6,189	153,399	151,940	1,459
Speech, OT, PT and Related Services					
Salaries	199,093	2,507	201,600	201,523	77
Supplies and Materials	1,500	(185)	1,315	1,315	-
Total Speech, OT, PT and Related Services	200,593	2,322	202,915	202,838	77
Other Support Serv. Students - Extra. Svcs.					
Salaries	355,554	111,913	467,467	467,467	-
Total Other Support Serv. Students - Extra. Svcs.	355,554	111,913	467,467	467,467	-
Guidance					
Salaries of Other Professional Staff	76,162	(32,130)	44,032	44,032	-
Salaries of Secretarial and Clerical Assistants	18,296	(18,296)			
Other Purchased Professional-Technical Services	2,000	(779)	1,221	1,192	29
Supplies and Materials	2,000	807	2,807	2,807	-
Total Guidance	98,458	(50,398)	48,060	48,031	29
Child Study Teams					
Salaries of Other Professional Staff	318,092	(44,955)	273,137	272,770	367
Salaries of Secretarial and Clerical Assistants	40,799	1,556	42,355	42,354	1
Purchased Professional - Educational Services	150,000	108,959	258,959	251,110	7,849
Other Purchased Professional and Tech. Services	4,500	(388)	4,112	3,479	633
Other Purchased Services	12,000	1,611	13,611	13,219	392
Supplies and Materials	9,000	(3,322)	5,678	5,300	378
Other Objects	1,500	(5)	1,495	1,495	-
Total Child Study Teams	535,891	63,456	599,347	589,727	9,620
Improvement of Instructional Services					
Sal of Supervisor of Instruction	94,095	20,361	114,456	112,486	1,970
Sal of Other Professional Staff	18,296	(18,296)			
Sal of Facilitators, Math & Literacy Coaches		20,000	20,000		20,000
Purchased Prof- Educational Services	25,000	-	25,000	25,000	-
Other Purch Prof and Tech. Services	13,000	(7,342)	5,658	5,658	-
Supplies and Materials	1,500	(3)	1,497	1,297	200
Other Objects	1,500	31,852	33,352	33,352	-
Total Improvement of Instructional Services	153,391	46,572	199,963	177,793	22,170
Educational Media Services/School Library					
Salaries	15,164	66,043	81,207	81,207	-
Supplies and Materials	1,100	(87)	1,013	950	63
Total Educational Media Serv./School Library	16,264	65,956	82,220	82,157	63

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 17,000	\$ 5,443	\$ 22,443	\$ 22,143	\$ 300
Other Purchased Prof. and Tech. Services	11,000	-	11,000	11,000	-
Other Purchased Services	3,000	(1,295)	1,705	1,705	-
Other Objects	12,000	(10,105)	1,895	1,895	-
Total Instructional Staff Training Services	43,000	(5,957)	37,043	36,743	300
Support Services General Administration					
Salaries	179,755	1,871	181,626	181,626	-
Legal Services	100,000	(51,090)	48,910	43,035	5,875
Audit Fees	30,000	11,535	41,535	41,535	-
Other Purchased Professional Services	-	-	-	-	-
Purchased Technical Services	4,121	4,861	8,982	8,982	-
Communications/Telephone	-	20,020	20,020	19,472	548
BOE Other Purchased Services	10,000	(2,936)	7,064	6,749	315
Miscellaneous Purchased Services	-	7,687	7,687	7,687	-
General Supplies	3,000	16,000	19,000	19,000	-
BOE Membership Dues and Fees	12,500	2,124	14,624	14,624	-
Miscellaneous Expenditures	5,000	128	5,128	5,128	-
Total Support Services General Administration	344,376	10,200	354,576	347,838	6,738
Support Services School Administration					
Salaries of Principals/Assistant Principals	413,264	1,251	414,515	414,515	-
Salaries of Secretarial and Clerical Assistants	68,207	37,990	106,197	106,197	-
Other Purchased Services	-	4,084	4,084	4,083	1
Supplies and Materials	8,000	1,000	9,000	5,376	3,624
Other Objects	5,000	-	5,000	3,450	1,550
Total Support Services School Administration	494,471	44,325	538,796	533,621	5,175
Central Services					
Salaries	244,498	43,824	288,322	258,322	30,000
Misc. Purchased Services	-	8,080	8,080	8,079	1
Supplies and Materials	3,000	-	3,000	3,000	-
Miscellaneous Expenditures	4,000	-	4,000	3,974	26
Total Central Services	251,498	51,904	303,402	273,375	30,027
Admin. Info. Tech.					
Salaries	127,000	-	127,000	127,000	-
Total Admin. Info. Tech.	127,000	-	127,000	127,000	-
Required Maintenance for School Facilities					
Salaries	39,206	1,924	41,130	41,130	-
Cleaning, Repair and Maintenance Services	40,000	-	40,000	39,997	3
General Supplies	10,000	1,143	11,143	11,119	24
Total Required Maintenance for School Fac.	89,206	3,067	92,273	92,246	27

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 371,969	\$ 104,039	\$ 476,008	\$ 475,997	\$ 11
Salaries of Non-Instructional Aides	63,494	11,869	75,363	72,698	2,665
Purchased Professional and Technical Services	30,000	(11,200)	18,800	18,734	66
Cleaning, Repair, and Maintenance Svc.	105,000	96,486	201,486	181,254	20,232
Other Purchased Property Services	50,000	9,189	59,189	54,665	4,524
Insurance	150,000	(13,332)	136,668	132,968	3,700
Miscellaneous Purchased Services	-	-	-	-	-
General Supplies	40,000	26,207	66,207	59,168	7,039
Energy (Electricity)	150,000	81,425	231,425	231,425	-
Energy (Natural Gas)	100,000	(100,000)	-	-	-
Other Objects	1,000	6,985	7,985	5,839	2,146
Total Custodial Services	1,061,463	211,668	1,273,131	1,232,748	40,383
Security					
Salaries	43,416	5,032	48,448	48,448	-
Purchased Professional and Technical Services	45,000	80,372	125,372	125,372	-
Total Security	88,416	85,404	173,820	173,820	-
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	43,976	20,817	64,793	64,793	-
Cleaning, Repair and Maintenance Services	10,000	1,500	11,500	10,614	886
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	40,000	8,767	48,767	48,767	-
Contracted Serv.-Aid in Lieu of Payments-Charter Schools	6,000	(6,000)	-	-	-
Contracted Serv.-Aid in Lieu of Payments-Choice Schools	7,000	(7,000)	-	-	-
Contracted Services					
(Between Home and School) - Vendors	150,000	(20,000)	130,000	130,000	-
Contracted Services					
(Other Between Home and School) - Vendors	13,000	(9,250)	3,750	3,750	-
Contracted Services (Bet Home & Sch) - Joint Agreements	30,000	(30,000)	-	-	-
Contracted Services (Spl. Ed. Students) - Joint Agreements	370,000	(2,986)	367,014	359,239	7,775
Miscellaneous Purchased Services - Transportation	4,500	17,550	22,050	21,486	564
General Supplies	5,000	839	5,839	5,839	-
Total Student Transportation Services	679,476	(25,763)	653,713	644,488	9,225
Unallocated Benefits - Employee Benefits					
Social Security Contributions	155,000	5,305	160,305	160,305	-
Other Retirement Contributions - PERS	142,500	(726)	141,774	156,144	(14,370)
Other Retirement Contributions - Regular	33,000	(13,400)	19,600	18,511	1,089
Unemployment Compensation	30,000	10,479	40,479	33,222	7,257
Workmen's Compensation	76,654	(17,030)	59,624	58,887	737
Health Benefits	1,725,000	117,006	1,842,006	1,745,382	96,624
Tuition Reimbursement	14,000	(4,463)	9,537	9,537	-
Other Employee Benefits	76,392	(31,953)	44,439	26,383	18,056
Total Unallocated Benefits - Employee Benefits	2,252,546	65,218	2,317,764	2,208,371	109,393

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Undistributed Expenditures (Continued)					
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				\$ 24,478	\$ (24,478)
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				675,572	(675,572)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				583,300	(583,300)
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				881	(881)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	487,159	(487,159)
Total On-Behalf Contributions/Reimbursements	-	-	-	1,771,390	(1,771,390)
Total Undistributed Expenditures	\$ 14,406,421	\$ 639,386	\$ 15,045,807	16,433,084	(1,387,277)
Total Expenditures - Current Expenditures	20,677,972	453,745	21,131,717	22,468,234	(1,336,517)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	1,000	(1,000)	-	-	-
Equipment					
Undistributed Expenditures- Admin Info Tech	41,518	(34,321)	7,197	7,197	-
Undistributed Expenditures- Required Maintenance for School Fac.	40,000	163,262	203,262	166,454	36,808
Undistributed Expenditures- Custodial Services		40,000	40,000		40,000
Undistributed Expenditures- Security	20,000	(20,000)			
Facilities Acquisition and Construction Serv.					
Purchased Professional Serv-Architect		11,850	11,850	11,850	
Construction Services	60,000	72,224	132,224	127,324	4,900
Assessment for Debt Service on SDA Funding	811	-	811	811	-
Total Capital Outlay	163,329	232,015	395,344	313,636	81,708
SPECIAL SCHOOLS					
Summer Schools					
Instruction					
Salaries of Teachers	-	22,500	22,500	22,500	-
Total Special Schools	-	22,500	22,500	22,500	-
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
	65,000	-	65,000	41,597	23,403
Total Expenditures	20,906,301	708,260	21,614,561	22,845,967	(1,231,406)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(559,554)	(708,260)	(1,267,814)	(498,132)	769,682
Other Financing Uses/Sources					
Capital Outlay- Transfer to Capital Projects Fund	(207,051)	-	(207,051)	(207,051)	-
Capital Reserve- Transfer to Capital Projects Fund	(350,000)	-	(350,000)	(350,000)	-
Transfer In- EDCP Enterprise Fund				286,659	286,659
Transfer to Cover Deficit-Enterprise Fund	-	(13,962)	(13,962)	(13,962)	-
Total Other Financing Use/Sources	(557,051)	(13,962)	(571,013)	(284,354)	286,659
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
	(1,116,605)	(722,222)	(1,838,827)	(782,486)	1,056,341
Fund Balance, Beginning of Year	3,441,455	-	3,441,455	3,441,455	-
Fund Balance, End of Year	\$ 2,324,850	\$ (722,222)	\$ 1,602,628	\$ 2,658,969	\$ 1,056,341

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures (2017/18 Budget)				\$ 1,021,387	
Excess Surplus				76,176	
Capital Reserve				494,689	
Capital Reserve- Designated for Subsequent Year's Expenditures (2017/2018 Budget)				324,600	
Assigned Fund Balance					
Year-End Encumbrances				78,430	
Designated for Subsequent Year's Expenditures (2017/2018 Budget)				131,676	
Unassigned Fund Balance				<u>532,011</u>	
				2,658,969	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (154,108)		
State Aid Not Recognized on GAAP Basis			<u>(122,242)</u>		
				<u>(276,350)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,382,619</u>	

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 92,400	\$ -	\$ 92,400	\$ 92,400	-
Federal	575,753	(32,193)	543,560	543,560	\$ -
Total Revenues	668,153	(32,193)	635,960	635,960	-
EXPENDITURES					
Instruction					
Salaries of Teachers	305,100	(11,566)	293,534	293,534	-
Purchased Professional/Technical Services	31,321	(31,321)			-
Tuition	263,083	(872)	262,211	262,211	-
General Supplies	13,208	(6,758)	6,450	6,450	-
Total Instruction	612,712	(50,517)	562,195	562,195	-
Support Services					
Personal Services- Employee Benefits	37,434	13,731	51,165	51,165	-
Purchased Professional Educational Services- Contracted Pre-K	5,500	16,800	22,300	22,300	-
Other Purchased Services	5,207	(4,907)	300	300	-
Supplies and Materials	7,300	(7,300)	-	-	-
Total Support Services	55,441	18,324	73,765	73,765	-
Total Expenditures	668,153	(32,193)	635,960	635,960	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Payments not Recognized on a GAAP Basis				\$ (9,240)	
Fund Balance per Governmental Funds (GAAP)				\$ (9,240)	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 22,347,835	(C-2)	\$ 635,960
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
State Aid and Extraordinary Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2015/2016 State Aid)		288,161		9,240
State Aid and Extraordinary Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2016/2017 State Aid)		<u>(276,350)</u>		<u>(9,240)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 22,359,646</u>		<u>\$ 635,960</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	<u>\$ 22,845,967</u>	(C-2)	<u>\$ 635,960</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 22,845,967</u>		<u>\$ 635,960</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.01614	.01528%	0.1472%	0.1472%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 4,780,690</u>	<u>\$ 3,429,453</u>	<u>\$ 2,755,929</u>	<u>\$ 2,813,153</u>
District's Covered-Employee Payroll	<u>\$ 1,085,927</u>	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	440.24%	328.89%	278.22%	291.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

LITTLE FERRY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 143,400	\$ 131,344	\$ 121,317	\$ 110,907
Contributions in Relation to the Contractually Required Contribution	<u>143,400</u>	<u>131,344</u>	<u>121,317</u>	<u>110,907</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$1,085,927</u>	<u>\$1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
Contributions as a Percentage of Covered-Employee Payroll	13.21%	12.60%	12.25%	11.48%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

LITTLE FERRY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
Total	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
District's Covered-Employee Payroll	<u>\$ 6,734,609</u>	<u>\$ 6,234,203</u>	<u>\$ 5,717,899</u>	<u>\$ 5,830,911</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4C.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Preschool Education Aid</u>	<u>NCLB Title I</u>	<u>NCLB Title III</u>	<u>NCLB Title III Immigrant</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>NCLB Title II Part A</u>	<u>Total</u>
REVENUES								
Intergovernmental								
State	\$ 92,400							\$ 92,400
Federal	-	\$ 228,203	\$ 17,644	\$ 4,883	\$ 251,870	\$ 10,341	\$ 30,619	\$ 543,560
Total Revenues	<u>\$ 92,400</u>	<u>\$ 228,203</u>	<u>\$ 17,644</u>	<u>\$ 4,883</u>	<u>\$ 251,870</u>	<u>\$ 10,341</u>	<u>\$ 30,619</u>	<u>\$ 635,960</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 70,100	\$ 182,434	\$ 12,000	\$ 4,000			\$ 25,000	\$ 293,534
Tuition	-				\$ 251,870	\$ 10,341		262,211
General Supplies	-	4,288	2,162	-	-	-	-	6,450
Total Instruction	<u>70,100</u>	<u>186,722</u>	<u>14,162</u>	<u>4,000</u>	<u>251,870</u>	<u>10,341</u>	<u>25,000</u>	<u>562,195</u>
Support Services								
Personal Services- Employee Benefits		41,481	3,482	883			5,319	51,165
Purchased Professional Educational Services- Contracted Pre-K	22,300	-	-	-	-	-	-	22,300
Other Purchased Services	-	-	-	-	-	-	300	300
Total Support Services	<u>22,300</u>	<u>41,481</u>	<u>3,482</u>	<u>883</u>	<u>-</u>	<u>-</u>	<u>5,319</u>	<u>73,765</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ 228,203</u>	<u>\$ 17,644</u>	<u>\$ 4,883</u>	<u>\$ 251,870</u>	<u>\$ 10,341</u>	<u>\$ 30,319</u>	<u>\$ 635,960</u>

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID - SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance
Instruction					
Salaries of Teachers	\$ 70,100	-	\$ 70,100	\$ 70,100	\$ -
Total Instruction	<u>70,100</u>	<u>-</u>	<u>70,100</u>	<u>70,100</u>	<u>-</u>
Support Services					
Personal Services- Employee Benefits	15,000	\$ (15,000)			
Purchased Educational Service- Contracted Pre-K		22,300	\$ 22,300	\$ 22,300	
Supplies and Materials	7,300	(7,300)	-	-	-
Total Support Services	<u>22,300</u>	<u>-</u>	<u>22,300</u>	<u>22,300</u>	<u>-</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ -</u>	<u>\$ 92,400</u>	<u>\$ 92,400</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2016-2017 Preschool Education Aid Allocation	\$ 92,400
Add:	
Actual Preschool Education Carryover (June 30, 2016)	-
Budgeted Transfer from the General Fund 2016-2017	-
Total Preschool Education Aid Funds Available for 2016-2017 Budget	92,400
Less: 2016-2017 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>92,400</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	-
Add: June 30, 2017 Unexpended Preschool Education Aid	-
2016-2017 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ -</u>
2016-2017 Preschool Education Aid Carryover Budgeted in 2017-2018	<u>\$ -</u>

CAPITAL PROJECTS FUND

LITTLE FERRY BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue/Project Title</u>	<u>Revised Budgetary Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2017</u>
Little Ferry Board of Education	\$ 557,051	\$ 557,051	\$ -	\$ -
	<u>\$ 557,051</u>	<u>\$ 557,051</u>	<u>\$ -</u>	<u>\$ -</u>
Project Balance				\$ -
Authorized But Not Issued				<u>-</u>
Fund Balance- GAAP Basis				<u>\$ -</u>

**LITTLE FERRY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources**Other Financing Sources**

Transfer from General Fund - Budget Appropriations	
Capital Reserve	\$ 350,000
Capital Outlay	<u>207,051</u>
 Total Revenues and Other Financing Sources	 <u>557,051</u>
 Excess of Revenues Over Expenditures	 557,051
 Fund Balance (Deficit) - Beginning of Year	 <u>(557,051)</u>
 Fund Balance - End of Year	 <u><u>\$ -</u></u>

ENTERPRISE FUND

EXHIBIT G-1

**LITTLE FERRY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Agency</u>	<u>Payroll Net</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 39,382	\$ 4,580	\$ -	\$ 43,962
Total Assets	<u>\$ 39,382</u>	<u>\$ 4,580</u>	<u>\$ -</u>	<u>\$ 43,962</u>
LIABILITIES				
Payroll Deductions and Withholdings		\$ 4,580		\$ 4,580
Accrued Salaries & Wages (Deficit)			\$ -	-
Due to Student Groups	\$ 39,382	-	-	39,382
Total Liabilities	<u>\$ 39,382</u>	<u>\$ 4,580</u>	<u>\$ -</u>	<u>\$ 43,962</u>

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
Memorial Middle School	\$ 37,210	\$ 38,763	\$ 36,591	\$ 39,382
Total	<u>\$ 37,210</u>	<u>\$ 38,763</u>	<u>\$ 36,591</u>	<u>\$ 39,382</u>

**LITTLE FERRY BOARD OF EDUCATION
PAYROLL AGENCY AND PAYROLL ACCOUNT FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 109,943	\$ 9,816,680	\$ 9,922,043	\$ 4,580
Total Assets	<u>\$ 109,943</u>	<u>\$ 9,816,680</u>	<u>\$ 9,922,043</u>	<u>\$ 4,580</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 125,021	\$ 4,581,519	\$ 4,701,960	\$ 4,580
Accrued Salaries and Wages	<u>(15,078)</u>	<u>5,235,161</u>	<u>5,220,083</u>	<u>-</u>
Total	<u>\$ 109,943</u>	<u>\$ 9,816,680</u>	<u>\$ 9,922,043</u>	<u>\$ 4,580</u>

LONG-TERM DEBT

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Purchase of Computers - 30	4.76%	\$ 30,243	\$ 10,073	\$ 10,073	
Purchase of Computers- 160	4.26%	70,518	<u>46,026</u>	<u>22,533</u>	<u>\$ 23,493</u>
Total			<u>\$ 56,099</u>	<u>\$ 32,606</u>	<u>\$ 23,493</u>

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Little Ferry Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LITTLE FERRY BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
									(Restated)	
Governmental Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 2,452,379	\$ 2,523,283	\$ 4,928,569	\$ 5,309,520	\$ 5,628,178	\$ 5,934,922	\$ 6,915,646	\$ 6,010,002	\$ 5,692,794	\$ 5,676,561
Restricted	336,832	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289
Unrestricted	<u>2,989,748</u>	<u>468,127</u>	<u>210,523</u>	<u>(116,164)</u>	<u>293,714</u>	<u>354,730</u>	<u>(3,417,490)</u>	<u>(1,683,240)</u>	<u>(1,135,858)</u>	<u>(2,158,179)</u>
Total Governmental Activities Net Position	<u>\$ 5,778,959</u>	<u>\$ 3,738,358</u>	<u>\$ 5,920,749</u>	<u>\$ 5,728,683</u>	<u>\$ 6,333,584</u>	<u>\$ 7,013,589</u>	<u>\$ 4,977,016</u>	<u>\$ 4,648,503</u>	<u>\$ 4,879,769</u>	<u>\$ 4,337,671</u>
Business-Type Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 10,280	\$ 24,840	\$ 32,991	\$ 32,659			\$ 18,703	\$ 16,681	\$ 14,656	\$ 22,511
Restricted										
Unrestricted	<u>(43,791)</u>	<u>(27,739)</u>	<u>(26,286)</u>	<u>37,230</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>308,480</u>	<u>189,917</u>	<u>258,977</u>	<u>(5,654)</u>
Total Business-Type Activities Net Position	<u>\$ (33,511)</u>	<u>\$ (2,899)</u>	<u>\$ 6,705</u>	<u>\$ 69,889</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>\$ 327,183</u>	<u>\$ 206,598</u>	<u>\$ 273,633</u>	<u>\$ 16,857</u>
District-Wide										
Net Investment in Capital Assets, Net of Related Debt	\$ 2,462,659	\$ 2,548,123	\$ 4,961,560	\$ 5,342,179	\$ 5,628,178	\$ 5,934,922	\$ 6,934,349	\$ 6,026,683	\$ 5,707,450	\$ 5,699,072
Restricted	336,832	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289
Unrestricted	<u>2,945,957</u>	<u>440,388</u>	<u>184,237</u>	<u>(78,934)</u>	<u>430,853</u>	<u>568,087</u>	<u>(3,109,010)</u>	<u>(1,493,323)</u>	<u>(876,881)</u>	<u>(2,163,833)</u>
Total District Net Position	<u>\$ 5,745,448</u>	<u>\$ 3,735,459</u>	<u>\$ 5,927,454</u>	<u>\$ 5,798,572</u>	<u>\$ 6,470,723</u>	<u>\$ 7,226,946</u>	<u>\$ 5,304,199</u>	<u>\$ 4,855,101</u>	<u>\$ 5,153,402</u>	<u>\$ 4,354,528</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."

Source: School District's financial statements

LITTLE FERRY BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,700,972	\$ 7,130,389	\$ 5,176,153	\$ 6,215,948	\$ 6,636,823	\$ 7,134,809	\$ 6,764,560	\$ 13,626,681	\$ 14,037,964	\$ 14,793,027
Special Education	719,723	1,175,541	856,565	1,090,533	1,022,601	1,195,449	1,242,187	3,856,442	3,740,868	3,748,428
Other Special Education				364,523	298,811	218,791	200,590			
Other Instruction	432,408	613,282	270,227	46,389	36,064	44,079	47,807	291,972	287,547	671,170
School Sponsored Activities And Athletics								77,923	83,429	70,947
Support Services:										
Tuition	5,417,151	5,996,177	6,403,381	6,525,640	6,781,408	6,664,699	6,783,940			
Student & Instruction Related Services	892,830	1,880,258	1,267,343	1,466,877	1,405,875	1,489,559	1,462,795	1,576,620	1,615,581	2,528,800
General Administrative Services	435,334			734,516	705,203	701,099	637,455	521,753	551,987	430,449
School Administrative Services	1,253,798	1,748,472	1,223,819	516,693	424,520	418,918	334,940	413,786	835,264	989,030
Central Services								285,170	371,240	585,377
Plant Operations And Maintenance	1,251,776	1,432,051	1,165,299	1,155,018	1,116,424	1,012,875	1,256,027	1,531,927	2,143,885	2,067,782
Pupil Transportation	701,391	724,399	744,926	624,349	628,474	665,391	635,419	709,038	605,985	678,183
Capital Outlay				9,000			499,464			
Special Schools		74,122	96,041			24,727	24,009			
Other Support Services										
Interest On Long-Term Debt	20,853	142,449	36,332	47,071	35,855	19,006			938	2,440
Unallocated Depreciation	198,869	208,360	314,872	314,872	307,610	277,907	261,373	-	-	-
Total Governmental Activities Expenses	16,025,105	21,125,500	17,554,958	19,111,429	19,399,668	19,867,309	20,150,566	22,891,312	24,274,688	26,565,633
Business-Type Activities:										
Other Nonmajor Enterprise Funds										
Child Care										
EDCP								102,721	162,502	1,124
Food Service	269,749	309,288	274,754	280,654	326,987	236,460	263,301	459,398	376,466	359,516
Total Business-Type Activities Expense	269,749	309,288	274,754	280,654	326,987	236,460	263,301	562,119	538,968	360,640
Total District Expenses	\$ 16,294,854	\$ 21,434,788	\$ 17,829,712	\$ 19,392,083	\$ 19,726,655	\$ 20,103,769	\$ 20,413,867	\$ 23,453,431	\$ 24,813,656	\$ 26,926,273
Program Revenues										
Governmental Activities:										
Charges For Services:	55,822			54,165	27,718	31,018	72,810	28,266	101,297	145,495
Operating Grants And Contributions	2,365,165	1,798,553	1,661,697	783,870	723,693	833,832	865,744	4,264,415	5,011,210	6,303,186
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	2,420,987	1,798,553	1,661,697	838,035	751,411	864,850	938,554	4,292,681	5,112,507	6,448,681
Business-Type Activities:										
Charges For Services	158,134	260,519	205,120	241,098	251,633	193,669	230,691	284,097	326,297	159,035
Operating Grants And Contributions	25,347	64,620	73,809	102,621	142,430	119,009	125,743	157,437	177,423	217,526
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	183,481	325,139	278,929	343,719	394,063	312,678	356,434	441,534	503,720	376,561
Total District Program Revenues	\$ 2,604,468	\$ 2,123,692	\$ 1,940,626	\$ 1,181,754	\$ 1,145,474	\$ 1,177,528	\$ 1,294,988	\$ 4,734,215	\$ 5,616,227	\$ 6,825,242
Net (Expense)/Revenue										
Governmental Activities	\$ (13,604,118)	\$ (19,326,947)	\$ (15,893,261)	\$ (18,273,394)	\$ (18,648,257)	\$ (19,002,459)	\$ (19,212,012)	\$ (18,598,631)	\$ (19,162,181)	\$ (20,116,952)
Business-Type Activities	(86,268)	15,851	4,175	63,065	67,076	76,218	93,133	(120,585)	(35,248)	15,921
Total District-Wide Net Expense	\$ (13,690,386)	\$ (19,311,096)	\$ (15,889,086)	\$ (18,210,329)	\$ (18,581,181)	\$ (18,926,241)	\$ (19,118,879)	\$ (18,719,216)	\$ (19,197,429)	\$ (20,101,031)

LITTLE FERRY BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 13,348,090	\$ 14,859,870	\$ 15,298,236	\$ 15,866,315	\$ 16,183,644	\$ 16,570,173	\$ 16,901,868	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126
Debt Service	478,737	417,504	274,661	429,720	364,560	341,110	40,560			
Federal and State Aid Not Restricted		1,717,745	2,302,519	2,150,288	2,685,580	2,755,171	2,402,070	1,134,780	547,801	526,951
Investment Earnings				3,630	826	17	255	102	3,867	8,502
Miscellaneous Income	120,360	213,857	200,236	30,493	18,548	15,993	377,047	56,791	105,541	177,578
Transfers	-	-	-	-	-	-	-	-	(102,283)	272,697
Total Governmental Activities	13,947,187	17,208,976	18,075,652	18,480,446	19,253,158	19,682,464	19,721,800	18,923,751	18,779,560	19,574,854
Business-Type Activities:										
Investment Earnings	1,068	202	99	119	23		1,824			
Miscellaneous Income					151		166			
Transfers	-	-	(2,822)	-	-	-	-	-	102,283	(272,697)
Total Business-Type Activities	1,068	202	(2,723)	119	174	-	1,990	-	102,283	(272,697)
Total District-Wide	\$ 13,948,255	\$ 17,209,178	\$ 18,072,929	\$ 18,480,565	\$ 19,253,332	\$ 19,682,464	\$ 19,723,790	\$ 18,923,751	\$ 18,881,843	\$ 19,302,157
Change in Net Position										
Governmental Activities	\$ 343,069	\$ (2,117,971)	\$ 2,182,391	\$ 207,052	\$ 604,901	\$ 680,005	\$ 509,788	\$ 325,120	\$ (382,621)	\$ (542,098)
Business-Type Activities	(85,200)	16,053	1,452	63,184	67,250	76,218	95,123	(120,585)	67,035	(256,776)
Total District	\$ 257,869	\$ (2,101,918)	\$ 2,183,843	\$ 270,236	\$ 672,151	\$ 756,223	\$ 604,911	\$ 204,535	\$ (315,586)	\$ (798,874)

Source: District financial statements

LITTLE FERRY BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved										
Unreserved										
Restricted								\$ 2,477,070	\$ 2,667,876	\$ 1,916,852
Committed									34,375	
Assigned	\$ 332,866	\$ 471,983	\$ 673,710	\$ 436,967	\$ 338,586	\$ 723,935	\$ 1,976,466	363,777	206,125	210,106
Unassigned	820,766	817,358	221,824	(112,412)	296,078	355,557	337,955	232,799	244,918	255,661
Total General Fund	\$ 1,153,632	\$ 1,289,341	\$ 895,534	\$ 324,555	\$ 634,664	\$ 1,079,492	\$ 2,314,421	\$ 3,073,646	\$ 3,153,294	\$ 2,382,619
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Capital Projects Fund	\$ 2,398,043	\$ 127,072	\$ 82,693	\$ 83,043			\$ (498,653)			
Debt Service Fund	-	4,002	25,254	15,317	\$ 73,106	\$ 2	1,047	-	-	-
Restricted										
Capital Projects Fund								\$ (557,051)	\$ (557,051)	
Debt Service Fund								1,047	-	-
Unassigned										
Special Revenue Fund	-	-	-	-	-	-	-	(9,240)	(9,240)	\$ (9,240)
Total All Other Governmental Funds	\$ 2,398,043	\$ 131,074	\$ 107,947	\$ 98,360	\$ 73,106	\$ 2	\$ (497,606)	\$ (565,244)	\$ (566,291)	\$ (9,240)

Source: District financial statements

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

LITTLE FERRY BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Local Tax Levy	\$ 14,840,435	\$ 15,277,374	\$ 15,572,897	\$ 16,296,035	\$ 16,548,204	\$ 16,911,283	\$ 16,942,428	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126
Tuition Charges	55,822	130,474	85,486	54,165	27,718	31,018	72,810	28,266	59,677	93,042
Interest Earnings	101,684	29,725	3,659	3,630	826	17	255	102	3,867	8,502
Miscellaneous	18,676	53,658	100,520	30,493	18,548	15,993	65,047	56,791	147,161	230,031
State Sources	1,534,410	3,071,680	3,201,091	2,269,899	2,712,310	3,095,641	2,751,869	2,813,996	3,196,140	3,531,345
Federal Sources	830,755	444,618	773,696	664,259	696,963	493,162	515,945	1,120,376	656,347	543,560
Total Revenue	17,381,782	19,007,529	19,737,349	19,318,481	20,004,569	20,547,114	20,348,354	21,751,609	22,287,826	22,995,606
Expenditures										
Instruction										
Regular Instruction	4,550,702	4,444,667	5,841,756	5,332,644	5,635,246	5,636,563	5,851,828	12,372,142	12,619,199	12,730,964
Special Education Instruction	666,587	750,774	917,432	930,308	847,206	946,364	1,093,133	3,707,709	3,555,855	3,426,194
Other Special Instruction	349,462	348,960	202,479	296,849	239,143	160,423	165,134			
Other Instruction	24,613	23,738	24,178	41,363	29,740	36,625	42,282	257,125	248,219	522,703
School-Sponsored Activities and Athletics								68,254	71,862	58,300
Support Services:										
Tuition	5,406,348	5,996,177	6,140,821	6,525,640	6,781,408	6,664,699	6,783,940			
Student and Inst. Related Services	1,416,545	752,699	1,473,869	1,257,919	1,193,748	1,152,780	1,258,848	1,532,195	1,527,749	2,285,474
General Administrative Services	1,446,484	1,228,935	817,082	763,222	673,523	576,243	565,431	501,461	546,781	410,908
School Administrative Services	422,531	473,191	471,492	425,411	344,295	312,352	277,768	365,350	750,347	782,749
Plant Operations And Maintenance	968,387	1,105,570	1,202,347	1,031,641	979,976	847,054	1,126,449	1,286,442	1,862,823	1,729,457
Pupil Transportation	581,443	703,036	749,082	615,148	618,478	648,193	625,658	703,863	601,414	666,698
Employee Benefits	1,418,973	2,660,561	1,526,809	1,655,520	1,787,373	2,567,478	1,573,823			
Central Services								285,170	358,165	532,459
Capital Outlay	303,432	2,293,846	129,318	9,000	15,484		499,464			300,975
Special Schools	37,885	23,378	26,648			18,122	19,760			
Debt Service:										
Interest and Other Charges		105,072	71,313	54,620	37,243	20,543			938	2,440
Principal	478,736	308,430	584,496	560,644	536,851	588,151	39,515	10,554	34,108	32,606
Total Expenditures	18,072,128	21,219,034	20,179,122	19,499,929	19,719,714	20,175,590	19,923,033	21,090,265	22,177,460	23,481,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(690,346)	(2,211,505)	(441,773)	(181,448)	284,855	371,524	425,321	661,344	110,366	(486,321)
Other Financing Sources (Uses)										
Transfers In					83,043				1,047	843,710
Transfers Out					(83,043)				(103,330)	(571,013)
Lease Purchase Proceeds								30,243	70,518	
Community Disaster Loan	-	-	-	-	-	-	312,000	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	312,000	30,243	(31,765)	272,697
Net Change in Fund Balances	\$ (690,346)	\$ (2,211,505)	\$ (441,773)	\$ (181,448)	\$ 284,855	\$ 371,524	\$ 737,321	\$ 691,587	\$ 78,601	\$ (213,624)
Debt Service as a Percentage of Noncapital Expenditures	2.69%	2.18%	3.27%	3.16%	2.91%	3.02%	0.20%	0.05%	0.16%	0.15%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

LITTLE FERRY BOARD OF EDUCATION
 GENERAL FUND
 MISCELLANEOUS REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Rentals									\$ 41,620	\$ 52,453
Miscellaneous	\$ 18,676	\$ 53,658	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	105,541	177,578
Total General Fund	\$ 18,676	\$ 53,658	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	\$ 147,161	\$ 230,031

Source: District records.

LITTLE FERRY BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 9,507,700	\$ 799,636,400			\$ 152,646,400	\$ 150,176,700	\$ 110,175,600	\$ 1,222,142,800	\$ 6,167,273	\$ 1,228,310,073	\$ 1,335,161,183	\$ 1.235
2009	9,113,100	800,307,000			151,692,900	142,689,400	110,099,100	1,213,901,500	7,470,187	1,221,371,687	1,257,147,424	1.267
2010	10,269,400	800,971,000			151,860,400	140,268,000	110,009,100	1,213,377,900	7,429,353	1,220,807,253	1,336,284,791	1.329
2011	10,479,000	799,879,000			150,137,400	136,241,200	110,009,100	1,206,745,700	6,588,272	1,213,333,972	1,333,009,341	1.357
2012	10,163,500	794,550,000			149,139,400	135,133,600	110,099,100	1,199,085,600		1,199,085,600	1,385,924,252	1.396
2013	10,145,900	788,362,500			147,317,800	134,739,800	104,384,300	1,184,950,300	90,870	1,185,041,170	1,308,473,093	1.424
2014	10,022,600	779,523,100			146,546,700	134,305,800	109,150,400	1,179,548,600	98,530	1,179,647,130	1,201,961,451	1.497
2015 (1)	6,947,500	593,560,000			135,543,200	122,920,900	105,237,700	964,209,300	98,530	964,307,830	968,535,287	1.882
2016	7,156,000	603,758,700			133,863,900	126,419,500	115,442,700	986,640,800	98,530	986,739,330	1,009,849,035	1.876
2017	6,830,500	614,777,600			135,188,700	130,160,300	120,879,600	1,007,836,700	98,530	1,007,935,230	1,017,766,396	1.874

Source: County Abstract of Ratables

a Tax rates are per \$100

(1) The Borough underwent a reassessment of property effective January 1, 2015.

**LITTLE FERRY BOARD OF EDUCATION
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Assessment Year	Little Ferry School District	Borough of Little Ferry	Bergen County	Total
2008	\$ 1.235	\$ 0.724	\$ 0.199	\$ 2.158
2009	1.267	0.752	0.207	2.226
2010	1.329	0.810	0.201	2.340
2011	1.357	0.831	0.227	2.415
2012	1.396	0.823	0.218	2.437
2013	1.424	0.884	0.253	2.561
2014	1.497	0.904	0.234	2.635
2015	(1) 1.882	1.213	0.254	3.349
2016	1.876	1.225	0.251	3.352
2017	1.874	1.213	0.254	3.341

(1) The Borough undersent a reassessment of property effective January 1, 2015.

Source: Abstract of Ratables, County Board of Taxation

**LITTLE FERRY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
LPF Meadowlands LLC	\$ 29,560,000	2.93%		
Waterside Plaza Apts. Associates	29,021,100	2.88%		
Liberty Bell Village LLC	22,151,600	2.20%	\$ 20,880,000	1.70%
250 Bergen Ferry Property LLC	12,500,000	1.24%		
North Village II LLC NJ	15,923,800	1.58%	14,476,000	1.18%
Gates Realty Corp.	11,356,200	1.13%	16,761,800	1.36%
North Village I LLC NJ	10,607,100	1.05%		
Capri Little Ferry LLC	8,400,000	0.83%		
Gates Brothers c/o Gates Realty Corp.	8,389,700	0.83%	13,981,400	1.14%
Gates Brothers c/o Gates Realty Corp.			10,700,000	0.87%
Airport Properties Associates, Inc.			32,791,200	2.67%
Waterside Plaza Apartments Associates			27,270,000	2.22%
Little Ferry Associates			16,912,100	1.38%
Bell Atlantic Property Tax Department			10,375,773	0.84%
North Village LLC		0.00%	9,492,200	0.77%
Williams Towne Manor	7,491,900	0.74%	-	0.00%
	<u>\$ 155,401,400</u>	<u>15.42%</u>	<u>\$ 173,640,473</u>	<u>14.13%</u>

Source: Tax Assessor

**LITTLE FERRY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 14,361,698	\$ 14,361,698	100.00%	
2009	15,277,374	15,277,374	100.00%	
2010	15,572,897	15,572,897	100.00%	
2011	16,296,034	16,296,034	100.00%	
2012	16,835,015	16,835,015	100.00%	
2013	17,177,731	17,177,731	100.00%	
2014	17,656,650	17,656,650	100.00%	
2015	17,732,078	17,732,078	100.00%	
2016	18,224,634	18,224,634	100.00%	
2017	18,589,126	18,589,126	100.00%	

Source: District financial records.

**LITTLE FERRY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities			
	General Obligation Bonds	Certificates of Participation	Loans	Capital Leases	Lease Purchase Agreements	Capital Leases	Total District	Population	Per Capita
2008	\$ 2,400,000		\$ 218,086				\$ 2,618,086	\$ 10,463	\$ 250
2009	2,125,000		184,655				2,309,655	10,440	221
2010	1,575,000		150,159				1,725,159	10,476	165
2011	1,050,000		114,515				1,164,515	10,651	109
2012	550,000		77,664				627,664	10,738	58
2013			39,513				39,513	10,794	4
2014							-	10,855	-
2015					\$ 19,689		19,689	10,901	2
2016					56,099		56,099	10,963	5
2017					23,493		23,493	10,925	2

Source: District records

LITTLE FERRY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 2,400,000		\$ 2,400,000	0.20%	\$ 229
2009	2,125,000		2,125,000	0.17%	204
2010	1,575,000		1,575,000	0.13%	150
2011	1,050,000		1,050,000	0.09%	99
2012	550,000		550,000	0.05%	51
2013			-	0.00%	-
2014			-	0.00%	-
2015			-	0.00%	-
2016			-	0.00%	-
2017			-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**LITTLE FERRY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2016
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Little Ferry	<u>\$ 18,490,827</u>
	18,490,827
Overlapping Debt Apportioned to the Municipalities:	
County of Bergen (2)	7,245,006
Bergen County Utilities Authority - Waste Water (3)	<u>3,233,698</u>
Total Overlapping Debt	<u>10,478,704</u>
Total Direct and Overlapping Debt	<u>\$ 28,969,531</u>

Source:

- (1) Borough of Little Ferry's Annual Debt Statement - December 31, 2016
- (2) Bergen County Annual Debt Statement - December 31, 2016
- (2) BCUA 2016 Audit

LITTLE FERRY BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$ 1,019,361,331
2015	1,024,229,127
2014	<u>1,087,141,567</u>
Average equalized valuation of taxable property	\$ <u>1,043,577,342</u>
Debt Limit (3% of average equalization value)	\$ 31,307,330
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	\$ <u>31,307,330</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 36,110,123	\$ 37,591,606	\$ 38,989,560	\$ 37,884,642	\$ 33,750,890	\$ 33,621,212	\$ 48,220,252	\$ 30,076,942	\$ 33,139,996	\$ 31,307,330
Total Net Debt Applicable to Limit	<u>2,400,000</u>	<u>2,125,000</u>	<u>1,575,000</u>	<u>1,050,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 33,710,123</u>	<u>\$ 35,466,606</u>	<u>\$ 37,414,560</u>	<u>\$ 36,834,642</u>	<u>\$ 33,200,890</u>	<u>\$ 33,621,212</u>	<u>\$ 48,220,252</u>	<u>\$ 30,076,942</u>	<u>\$ 33,139,996</u>	<u>\$ 31,307,330</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.65%	5.65%	4.04%	2.77%	1.63%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**LITTLE FERRY BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2007	5.30%	\$ 63,814	10,463
2008	5.30%	68,147	10,440
2009	9.40%	68,548	10,476
2010	9.60%	64,571	10,651
2011	9.50%	65,275	10,738
2012	9.70%	68,244	10,794
2013	4.90%	71,380	10,855
2014	6.10%	70,498	10,901
2015	4.90%	73,536	10,963
2016	4.40%	75,849	10,925

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

Source: Data regarding unemployment rate, per capita income and school district population was provided by the State Department of Education.

LITTLE FERRY BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

LITTLE FERRY BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	68.0	68.8	69.0	65.0	50.2	47.6	53.2	66.0	62.0	62.0
Special Education	16.0	16.0	16.0	18.0	13.0	14.0	13.0	18.5	7.0	10.0
Other Special Education										10.0
Vocational										
Other Instruction	3.0	3.0	3.0	5.0	17.4	17.0	14.0	18.0	16.0	6.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	13.0	13.0	13.0	3.0	15.7	13.2	14.0	6.7	8.0	6.6
General Administration	3.0	1.0	2.0	2.1	1.6	2.1	2.0	2.0	3.0	3.0
School Administrative Services	2.0	2.0	5.0	5.0	2.0	1.5	2.5	3.0	2.0	2.0
Other Administrative Services	-	0.5	0.1	2.0	1.1	2.0	2.1	3.1	4.5	4.0
Central Services	3.0	0.5	3.0	2.2	2.0	2.0	2.0	2.0	3.0	3.0
Administrative Information Technology	2.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations And Maintenance	6.5	12.0	12.0	30.5	19.1	19.1	10.6	9.1	8.0	9.0
Pupil Transportation		1.5	1.5	0.8	3.4	1.5	1.7	1.5	1.5	1.0
Other Support Services							1.0		1.5	5.0
Security								2.0	2.0	1.5
Food Service	-	-	-	-	-	-	4.3	0.9	2.7	3.0
Total	<u>116.5</u>	<u>120.3</u>	<u>127.1</u>	<u>135.6</u>	<u>127.5</u>	<u>122.0</u>	<u>122.4</u>	<u>134.8</u>	<u>123.2</u>	<u>128.1</u>

Source: District Personnel Records

LITTLE FERRY BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2008	955.0	\$ 17,289,960	\$ 18,105	11.87%	87	1:11	1:11	955.0	912.1	-2.35%	95.51%
2009	980.0	18,511,686	18,889	4.33%	79	1:13	1:13	964.0	933.2	0.94%	96.80%
2010	990.0	19,393,995	19,590	3.71%	88	1:11	1:11	960.0	925.0	-0.41%	96.35%
2011	967.0	18,875,665	19,520	-0.36%	83	1:65	1:65	967.0	929.0	0.73%	96.07%
2012	989.0	19,130,136	19,343	-0.91%	64	1:20	1:21	989.0	925.2	2.28%	93.55%
2013	987.0	19,566,896	19,825	2.49%	52	1:18	1:19	991.0	943.0	0.20%	95.16%
2014	989.0	19,384,054	19,600	-1.13%	53	1:19	1:20	994.7	952.2	0.37%	95.73%
2015	1,197.0	21,079,711	17,610	-11.17%	56	1:17	1:23	991.5	943.9	-0.32%	95.20%
2016	972.0	22,142,414	22,780	16.23%	56	1:17	1:23	978.0	916.1	-1.36%	93.67%
2017	945.0	23,145,906	24,493	39.08%	78	1:11	1:18	942.6	895.9	-3.62%	95.05%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures for the general fund less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

LITTLE FERRY BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
Washington School										
Square Feet	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764
Capacity (students)	180	180	180	180	180	180	180	180	180	180
Enrollment	239	237	242	204	210	210	210	200	200	257
<u>Middle School</u>										
Memorial School										
Square Feet	99,461	99,461	99,461	99,461	99,461	99,461	99,461	99,461	99,467	99,467
Capacity (students)	705	705	705	705	705	705	705	705	705	705
Enrollment	716	743	748	763	779	779	779	997	772	688

Number of Schools at June 30, 2017
 Elementary = 1
 Middle School = 1
 Senior High School = 0
 Other = 0

Source: District Records

LITTLE FERRY BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Facilities										
Memorial School	\$ 176,386	\$ 156,835	\$ 79,727	\$ 19,276	\$ 23,607	\$ 25,514	\$ 26,035	\$ 26,429	\$ 150,349	\$ 70,106
Washington School	<u>51,486</u>	<u>112,221</u>	<u>57,688</u>	<u>12,850</u>	<u>7,455</u>	<u>8,056</u>	<u>8,221</u>	<u>85,445</u>	<u>47,478</u>	<u>22,140</u>
Grand Total	<u>\$ 227,872</u>	<u>\$ 269,056</u>	<u>\$ 137,415</u>	<u>\$ 32,126</u>	<u>\$ 31,062</u>	<u>\$ 33,570</u>	<u>\$ 34,256</u>	<u>\$ 111,874</u>	<u>\$ 197,827</u>	<u>\$ 92,246</u>

Source: School District's Financial Statements

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Building and Contents (All Locations)	\$ 22,618,502	\$ 5,000
Boiler and Machinery	1,000,000	1,000
General Automobile Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Employer's Liability	1,000,000	
Worker's Compensation	1,000,000	
Umbrella Liability	9,000,000	10,000
Student Accident Insurance - Selective Insurance Co.	1,000,000	
Surety Bonds - Selective Insurance Co.		
Treasurer	300,000	
Interim Board Secretary/Business Administrator	100,000	

Source: District records.

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Little Ferry Board of Education
Little Ferry, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Little Ferry Board of Education's basic financial statements and have issued our report thereon dated September 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Little Ferry of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Little Ferry Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Little Ferry Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

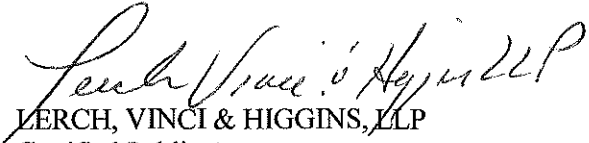
Compliance and Other Matters

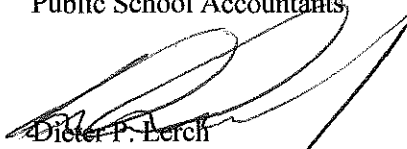
As part of obtaining reasonable assurance about whether the Little Ferry Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Little Ferry Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 21, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Ferry Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Ferry Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 21, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Little Ferry Board of Education
Little Ferry, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Little Ferry Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Little Ferry Board of Education's major federal and state programs for the fiscal year ended June 30, 2017. The Little Ferry Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Little Ferry Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Little Ferry Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Little Ferry Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Little Ferry Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The Little Ferry Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Little Ferry Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Little Ferry Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Little Ferry Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Little Ferry Board of Education's internal control over compliance.

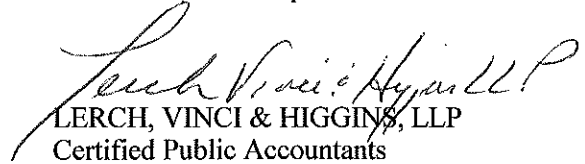
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

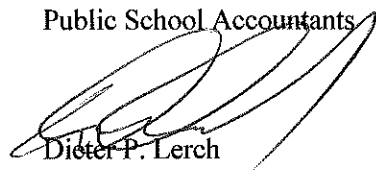
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 21, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 21, 2017

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance, June 30, 2017			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed -through State Department of Education														
<u>Special Revenue Fund:</u>														
NCLB Title I	84.010A	S010A160030	NCLB 2710-17	7/1/16-6/30/17	228,203			\$ 228,203	\$ 228,203					
NCLB Title I	84.010A	S010A150030	NCLB 2710-16	7/1/15-6/30/16	251,600	\$ (120,379)		120,379						
NCLB Title III	84.365A	S365A160030	NCLB 2710-17	7/1/16-6/30/17	17,644			17,644	17,644					
NCLB Title III	84.365A	S365A150030	NCLB 2710-16	7/1/15-6/30/16	17,433	(15,215)		15,215						
NCLB Title II Immigrant	84.365A	S365A160030	NCLB 2710-17	7/1/16-6/30/17	4,833				4,883					
NCLB Title III Immigrant	84.365A	S365A150030	NCLB 2710-16	7/1/15-6/30/16	9,457	(8,612)		8,612						
Title II Part A	84.367A	S367A160029	NCLB 2710-17	7/1/16-6/30/17	30,619			30,619	30,619					
Title II Part A	84.367A	S367A150029	NCLB 2710-16	7/1/15-6/30/16	34,170	(5,967)		5,967						
Title II Part D Carryover	84.318X		NCLB 2710-10	9/01/09-8/31/10	1,624	1,163				\$ (1,163)				
IDEA Part B, Basic	84.027	H027A160100	IDEA 2710-17	7/1/16-6/30/17	251,870			251,870	251,870					
IDEA Part B, Basic	84.027	H027A150100	IDEA 2710-16	7/1/15-6/30/16	252,936	(97,651)		97,651						
IDEA Part B, Preschool	84.173	H173A160114	IDEA 2710-17	7/1/16-6/30/17	10,341			10,341	10,341					
IDEA Part B, Preschool	84.173	H173A150114	IDEA 2710-16	7/1/15-6/30/16	10,147	(10,147)		10,147						
Total Special Education Cluster - IDEA						(107,798)		370,009	262,211					
EDConnect (Race to the Top)	84.413A	B413A120008		2/1/15-11/30/15	50,000	1,510				(1,510)				
Race to the Top	84.413A		N/A	9/01/2013-8/31/14	16,695	(387)				387				
Total U.S. Department of Education/ Special Revenue Fund						(255,685)		801,531	543,560	(2,286)				
U.S. Department of Education														
Passed -through State Department of Agriculture														
<u>Enterprise Fund</u>														
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	7,046			6,482	7,046		\$ (564)		\$ (564)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	11,833	(813)		813						
National School Lunch Program - Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	175,598			165,991	175,598		(9,607)		(9,607)	
National School Lunch Program - Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	161,520	(8,182)		8,182						
National School Lunch Food Distribution Program - Non Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	30,643			30,643	30,643					
Total Child Nutrition Cluster/Enterprise Fund						(8,995)		212,111	213,287		(10,171)		(10,171)	
Total Federal Awards						\$ (264,680)	\$ -	\$ 1,013,642	\$ 756,847	\$ (2,286)	\$ (10,171)	\$ -	\$ -	\$ (10,171)

Note: FAIN numbers are only applicable for current year grant awards.

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2017			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 520,499				\$ 477,819	\$ 520,499		\$ (42,680)				\$ 520,499
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	539,377	\$ (35,947)			35,947							
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	795,218				730,011	795,218		(65,207)				795,218
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	783,657	(52,227)			52,227			-				-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	51,579				47,350	51,579		(4,229)				51,579
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	42,140	(2,808)			2,808			-				-
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	13,390				12,292	13,390		(1,098)				13,390
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	13,390	(893)			893			-				-
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	13,390				12,292	13,390		(1,098)				13,390
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	13,390	(893)			893			-				-
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	13,430				12,329	13,430		(1,101)				13,430
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	1,345				1,235	1,345		(110)				1,345
Total State Aid Public Cluster				(92,768)	-	-	1,386,096	1,408,851	-	(115,523)	-	-	-	1,408,851
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	81,936				75,217	81,936		(6,719)				81,936
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	72,867	(4,856)			4,856			-				-
Additional NonPublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	10,849				10,849			(10,849)			\$ (10,849)	10,849
Additional NonPublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	10,962	(10,962)			10,962			-				-
Total Transportation Aid Cluster				(15,818)	-	-	91,035	92,785	-	(17,568)	-	-	(10,849)	92,785
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	154,108					154,108		(154,108)				154,108
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	190,537	(190,537)			190,537			-				-
On-Behalf TPAF Pension Contribution	17-495-034-5094-002	7/1/16-6/30/17	675,572				675,572	675,572		-				675,572
On-Behalf TPAF NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	24,478				24,478	24,478		-				24,478
On-Behalf TPAF Long Term Disability	17-495-034-5094-004	7/1/16-6/30/17	881				881	881		-				881
On-Behalf TPAF Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	583,300				583,300	583,300		-				583,300
Total On-Behalf TPAF Cluster				-	-	-	1,284,231	1,284,231	-	-	-	-	-	1,284,231
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	487,159				462,986	487,159		(24,173)			(24,173)	487,159
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	484,160	(24,274)			24,274			-				-
Total Department of Education/General Fund				(323,397)	-	-	3,439,159	3,427,134	-	(311,372)	-	-	(35,022)	3,427,134
Special Revenue Fund:														
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	92,400				83,160	92,400		(9,240)				92,400
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	92,400	(9,240)			9,240			-				-
Total Special Revenue Fund				(9,240)	-	-	92,400	92,400	-	(9,240)	-	-	-	92,400
Enterprise Fund														
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	4,239				4,007	4,239		(232)			(232)	4,239
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	4,070	(199)			199			-				-
Total Enterprise Fund				(199)	-	-	4,206	4,239	-	(232)	-	-	(232)	4,239
Total State Financial Assistance Subject to Single Audit Determination				\$ (332,836)	\$ -	\$ -	\$ 3,535,765	\$ 3,523,773	\$ -	\$ (320,844)	\$ -	\$ -	\$ (35,254)	\$ 3,523,773
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
Less: On-Behalf TPAF Pension Contribution							\$ (675,572)	\$ (675,572)						(675,572)
On-Behalf TPAF NCGI Premium							(24,478)	(24,478)						(24,478)
On-Behalf TPAF Long Term Disability Insurance							(881)	(881)						(881)
On-Behalf TPAF Post-Retirement Medical							(583,300)	(583,300)						(583,300)
Total State Financial Assistance Subject to Major Program Determination				\$ (332,836)	\$ -	\$ -	\$ 2,251,534	\$ 2,239,542	\$ -	\$ (320,844)	\$ -	\$ -	\$ (35,254)	\$ 2,239,542

1801

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Little Ferry Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$11,811 for the general fund and no change for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,438,945	\$ 3,438,945
Special Revenue Fund	\$ 543,560	92,400	635,960
Food Service Fund	<u>213,287</u>	<u>4,239</u>	<u>217,526</u>
Total Awards Financial Assistance	<u>\$ 756,847</u>	<u>\$ 3,535,584</u>	<u>\$ 4,292,431</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$487,159 represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amounts reported as TPAF Pension System Contributions in the amount of \$700,050, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$583,300 and TPAF Long-Term Disability Insurance in the amount of \$881 represent the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))? yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A160114</u>	<u>IDEA Preschool</u>
<u>84.010</u>	<u>S010A160030</u>	<u>Title I</u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? yes X no

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? X yes _____ no

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-1520-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-102	Professional Learning Community Aid
495-034-5120-101	Host District Support Aid

Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2017-001:

We noted the payments for purchase and installation of kitchen equipment for a total cost of \$18,377 and payments for alarm and fire monitor for a total cost of \$49,954 incurred by the district were in excess of the bid/quote threshold, however, there was no documentation to support competitive quotations/bids were solicited by the District in accordance with N.J.S.A. 18A:18A-27 and 18A:18A-37.

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Prof Learning Comm Aid	495-034-5120-101
Host District Support Aid	495-034-5120-102

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs:

Unknown.

Context:

Purchases for purchase and installation of kitchen equipment and alarm and fire monitor were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2017-001: (Continued)

Recommendation:

Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold and/or bids be sought in accordance with N.J.S.A. 18A:18A-27 and 18A:18A-37.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001:

With respect to the examination of claims our audit revealed that in numerous instances, good and/or services were ordered prior to the issuance of an approved purchase order (confirming orders).

Current Status

Corrective action has been taken.

Finding 2016-002 and 2016-010:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted that all food service revenues were coded to a single revenue account instead of being recorded by revenue source/type.

Current Status

Corrective action has been taken.

Finding 2016-003:

Our audit of the bank reconciliations revealed numerous reconciling items and monthly inter-account reconciling items were not resolved by year end.

Current Status

Corrective action has been taken.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-004:

Our audit of salary charges to Federal grant programs revealed employees and their respective salaries charged to the program were not formally approved in the Board minutes. In addition, the District is not properly documenting time and effort.

Current Status

Corrective action has been taken.

Finding 2016-005:

Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Current Status

Corrective action has been taken.

Finding 2016-006:

Our audit of benefits charged to Federal grant programs found that the District is not maintaining any formal documentation to support the rationale for expenditures charged.

Current Status

Corrective action has been taken

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-007:

With respect to travel and expense reimbursements, our audit noted that post travel reports are not being obtained and attached to purchase orders for reimbursement.

Current Status

Corrective action has been taken.

Finding 2016-008:

Our audit revealed that the monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval in a timely basis. In addition, budgetary transfers were not submitted to the Board for approval timely.

Current Status

Corrective action has been taken.

Finding 2016-009:

We noted the purchase and installation of wireless clocks for a total cost of \$19,800 and payments for alarm and fire monitor for a total cost of \$27,856 which was in excess of the quote threshold, however, there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-27(a).

Current Status

See Finding 2017-001.